

**Baby2Baby**

Financial Statements

December 31, 2024  
(With Comparative Totals for 2023)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Baby2Baby

### **Opinion**

We have audited the accompanying financial statements of Baby2Baby (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Baby2Baby as of December 31, 2024, 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 Baby2Baby 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 these 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 Baby2Baby'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Baby2Baby'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 Baby2Baby'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 Baby2Baby's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Armanino LLP*

Los Angeles, California

October 1, 2025

Baby2Baby  
Statement of Financial Position  
December 31, 2024  
(With Comparative Totals for 2023)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,430,298	\$ 5,632,267
Investments	58,002,810	16,604,260
Contributions receivable	3,429,537	5,234,171
Program inventory	8,379,563	5,365,201
Prepaid expenses and other assets	382,152	420,092
Property and equipment, net	53,342	102,839
Right-of-use assets, net	3,589,069	1,354,837
Total assets	\$ 75,266,771	\$ 34,713,667
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,440,725	\$ 699,649
Operating lease liabilities	3,443,129	1,475,272
Total liabilities	4,883,854	2,174,921
<b>Net assets</b>		
Without donor restrictions	66,953,380	27,304,575
With donor restrictions	3,429,537	5,234,171
Total net assets	70,382,917	32,538,746
Total liabilities and net assets	\$ 75,266,771	\$ 34,713,667

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

Baby2Baby  
Statement of Activities  
For the Year Ended December 31, 2024  
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Public support, gains and other revenue				
Public Support				
Grants and contributions	\$ 33,897,531	\$ 2,162,870	\$ 36,060,401	\$ 10,177,238
Special events, net	17,424,772	-	17,424,772	12,534,241
In-kind contributions	24,803,011	-	24,803,011	23,860,618
Total public support	<u>76,125,314</u>	<u>2,162,870</u>	<u>78,288,184</u>	<u>46,572,097</u>
Gains and other revenue				
Investment (loss) income, net	1,050,652	-	1,050,652	938,049
Other revenue	336,668	-	336,668	29,606
Total gains and other revenue	<u>1,387,320</u>	<u>-</u>	<u>1,387,320</u>	<u>967,655</u>
Total public support, gains and other revenue	77,512,634	2,162,870	79,675,504	47,539,752
Net assets released from restriction	<u>3,967,504</u>	<u>(3,967,504)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>81,480,138</u>	<u>(1,804,634)</u>	<u>79,675,504</u>	<u>47,539,752</u>
Functional expenses				
Program services				
Distribution Program	5,313,327	-	5,313,327	36,690,814
Program Events	30,797,016	-	30,797,016	651,446
Total program services	<u>36,110,343</u>	<u>-</u>	<u>36,110,343</u>	<u>37,342,260</u>
Support services				
Management and general	2,181,724	-	2,181,724	1,636,027
Fundraising	3,296,802	-	3,296,802	3,031,191
Costs of direct benefits to donors	242,464	-	242,464	169,564
Total support services	<u>5,720,990</u>	<u>-</u>	<u>5,720,990</u>	<u>4,836,782</u>
Total functional expenses	<u>41,831,333</u>	<u>-</u>	<u>41,831,333</u>	<u>42,179,042</u>
Change in net assets	39,648,805	(1,804,634)	37,844,171	5,360,710
Net assets, beginning of year	<u>27,304,575</u>	<u>5,234,171</u>	<u>32,538,746</u>	<u>27,178,036</u>
Net assets, end of year	<u>\$ 66,953,380</u>	<u>\$ 3,429,537</u>	<u>\$ 70,382,917</u>	<u>\$ 32,538,746</u>

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

Baby2Baby  
Statement of Functional Expenses  
For the Year Ended December 31, 2024  
(With Comparative Totals for 2023)

	Program Services			Support Services			2024 Total	2023 Total
	Distribution Program	Program Events	Total Program Services	Management and General	Fundraising	Costs of direct benefits to donors		
Personnel expenses								
Salaries and wages	\$ 1,588,512	\$ 1,029,011	\$ 2,617,523	\$ 398,804	\$ 1,029,692	\$ -	\$ 4,046,019	\$ 3,695,876
Payroll taxes	120,990	78,223	199,213	35,807	78,269	-	313,289	281,845
Employee benefits	146,004	95,806	241,810	44,533	95,389	-	381,732	370,126
Total personnel expenses	1,855,506	1,203,040	3,058,546	479,144	1,203,350	-	4,741,040	4,347,847
Advertising	147,809	-	147,809	-	87	-	147,896	353,370
Bank fees	-	-	-	196,802	-	-	196,802	-
Depreciation	23,912	14,317	38,229	6,621	15,989	-	60,839	-
Dues and subscriptions	56,724	19,822	76,546	7,390	38,974	-	122,910	134,476
Event expense	-	-	-	-	1,647,041	242,464	1,889,505	2,110,894
Goods distributed - in-kind	-	21,788,398	21,788,398	-	-	-	21,788,398	23,441,962
Goods distributed - purchased	248,979	6,926,987	7,175,966	-	-	-	7,175,966	7,502,589
Grants	-	-	-	-	50,000	-	50,000	336
Internet services	9,743	6,280	16,023	2,390	6,287	-	24,700	37,936
Insurance	-	-	-	262,161	-	-	262,161	110,036
Licenses and fees	-	-	-	2,081	-	-	2,081	11,743
Meals and entertainment	5,446	4,572	10,018	8,171	2,795	-	20,984	-
Meetings	-	150,595	150,595	-	-	-	150,595	39,398
Miscellaneous	161,304	-	161,304	-	-	-	161,304	37,708
Rent	638,576	605,787	1,244,363	843,476	4,861	-	2,092,700	1,546,363
Office expense	1,536,730	38,555	1,575,285	19,120	20,558	-	1,614,963	1,063,988
Postage	-	-	-	225	174	-	399	-
Professional fees	420,085	23,508	443,593	350,013	306,635	-	1,100,241	620,495
Program supplies	4,461	-	4,461	-	-	-	4,461	-
Travel and transportation	138,157	15,155	153,312	4,130	51	-	157,493	266,471
Warehouse expenses	65,895	-	65,895	-	-	-	65,895	553,430
	<u>3,457,821</u>	<u>29,593,976</u>	<u>33,051,797</u>	<u>1,702,580</u>	<u>2,093,452</u>	<u>242,464</u>	<u>37,090,293</u>	<u>37,831,195</u>
	<u>\$ 5,313,327</u>	<u>\$ 30,797,016</u>	<u>\$ 36,110,343</u>	<u>\$ 2,181,724</u>	<u>\$ 3,296,802</u>	<u>\$ 242,464</u>	<u>\$ 41,831,333</u>	<u>\$ 42,179,042</u>

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

Baby2Baby  
Statement of Cash Flows  
For the Year Ended December 31, 2024  
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 37,844,171	\$ 5,360,710
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	60,839	140,922
Reduction in carrying amount of right-of-use assets	713,590	947,294
Realized and unrealized gains	(192,596)	(484,404)
Interest and dividends, net of fees	(858,055)	-
Donated stocks	(11,386)	(26,270)
Changes in operating assets and liabilities		
Contribution receivable	1,804,634	(3,512,312)
Program inventory	(3,014,362)	(418,657)
Prepaid expenses and other assets	37,940	(79,907)
Accounts payable and accrued expenses	741,076	160,941
Operating lease liabilities	<u>(979,965)</u>	<u>(1,021,643)</u>
Net cash provided by operating activities	<u>36,145,886</u>	<u>1,066,674</u>
Cash flows from investing activities		
Purchases of investments	(40,331,106)	(6,009,243)
Proceeds from sale of investments	<u>(11,342)</u>	<u>-</u>
Net cash used in investing activities	<u>(40,342,448)</u>	<u>(6,009,243)</u>
Net decrease in cash and cash equivalents	(4,196,562)	(4,942,569)
Cash and cash equivalents, beginning of year	<u>5,626,860</u>	<u>10,569,429</u>
Cash and cash equivalents, end of year	<u>\$ 1,430,298</u>	<u>\$ 5,626,860</u>

Supplemental schedule of noncash investing and financing activities

Right-of-use lease assets obtained in exchange of lease obligations	\$ 2,947,822	\$ -
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The accompanying notes are an integral part of these financial statements.

Baby2Baby  
Notes to Financial Statements  
December 31, 2024  
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

Baby2Baby (the "Organization"), a national non-profit organization located in Los Angeles, California, provides children in need with diapers, clothing and all the basic necessities that every child deserves. Over the last 14 years, Baby2Baby has distributed over 450 million items to children in homeless shelters, domestic violence programs, foster care, hospitals and underserved schools as well as children who have lost everything in the wake of disasters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The Organization prepares its financial statements on an accrual basis and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Accordingly, net assets are reported as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations and net assets designated by the board of directors for specific purposes.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

The Organization considers all money market mutual funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- *Level 1* - Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.
- *Level 3* - Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

Property and equipment

Property and equipment that is purchased is stated at cost; donated assets are stated at fair value at the date of acquisition. The Organization capitalizes equipment purchases of \$5,000 or more.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Office equipment	3 - 6 years
Leasehold improvements	Lesser of the useful life or life of the lease

Leases

The Organization leases buildings under two operating leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statement of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease obligations include leases of facilities and equipment and deferred rent obligations. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received and reported in their appropriate net asset group, subject to the existence or absence of donor-imposed stipulations. Contributions that have been donor restricted whose restrictions are met in the same reporting period as the contribution are reported as net assets without donor restrictions. Conditional promises, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the year ended December 31, 2024.

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 fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. An allowance for doubtful contributions receivable is provided based upon management's judgment including factors such as prior collection history, type of contribution and current aging of contributions receivable. Management has determined that an allowance for doubtful contributions receivable is not necessary at December 31, 2024.

Program inventory

Program inventory is stated at the lower of wholesale cost or fair market value. Program inventory consists of diapers and wipes, backpacks and school supplies, clothing, cribs, car seats, formula and other essential items. The Organization utilizes the last in, first out ("LIFO") cost method.

In-kind contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. The Organization receives in-kind donations in the form of diapers, clothing and other children's essentials. New items are recorded based on the cost of similar items. The Organization contributes these items to partner organizations, including homeless shelters, domestic violence programs, foster care agencies, hospitals and underserved schools. Used items are recorded based on estimated prices of similar items from thrift stores in the Los Angeles area. In-kind contributions are listed under revenue and support in the statement of activities. The distribution of in-kind goods is listed in the statement of functional expenses and is included within program services expenses in the statement of activities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expenses

General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated between the program services and supporting services benefited. Expenses that are allocated between program and supporting services are allocated on the basis of estimates of time and effort.

Income taxes

The Organization is a nonprofit, tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income and state franchise taxes on related income pursuant to Section 501(a) of the Code and similar provisions of the California Franchise Tax Code. The Organization does not engage in any significant unrelated trades or businesses. Accordingly, no provision for income taxes is required.

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the Organization are more likely than not to be sustained upon examination.

Concentration of credit risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management of the Organization does not believe it is exposed to any significant risk on its cash accounts.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the financial statements are the valuation of donated goods.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Subsequent events have been evaluated through October 1, 2025, which is the date the financial statements were available to be issued.

3. LIQUIDITY AND FUNDS AVAILABLE

The Organization's goal is generally to maintain financial assets to cover approximately one year of operating expenses (\$20,000,000). The following represents the availability and liquidity of the Organization's financial assets at December 31, 2024 and 2023 to cover operating expenses for the next fiscal year:

	2024	2023
Cash	\$ 1,430,298	\$ 5,632,267
Investments	58,002,810	16,604,260
Contributions receivable	3,429,537	5,234,171
	62,862,645	27,470,698
Less: contributions receivable due one to five years	(800,000)	(250,000)
	\$ 62,062,645	\$ 27,220,698

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Marketable debt securities				
U.S. Treasury securities	\$ -	\$ 6,066,734	\$ -	\$ 6,066,734
U.S. Agency securities	-	2,670,570	-	2,670,570
Corporate bonds	-	7,596,276	-	7,596,276
	-	16,333,580	-	16,333,580
Money market fund	35,630,208	-	-	35,630,208
Common stock	768,093	-	-	768,093
Exchange traded funds	5,248,207	-	-	5,248,207
Mutual fund	10,242	-	-	10,242
Other asset	12,480	-	-	12,480
	\$ 41,669,230	\$ 16,333,580	\$ -	\$ 58,002,810

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4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Marketable debt securities				
U.S. Treasury securities	\$ -	\$ 4,625,585	\$ -	\$ 4,625,585
U.S. Agency securities	-	1,688,052	-	1,688,052
Corporate bonds	-	4,643,636	-	4,643,636
	-	<u>10,957,273</u>	-	<u>10,957,273</u>
Common stock	709,337	-	-	709,337
Exchange traded funds	4,921,391	-	-	4,921,391
Cash	7,836	-	-	7,836
Other asset	<u>8,423</u>	-	-	<u>8,423</u>
	<u>\$ 5,646,987</u>	<u>\$ 10,957,273</u>	<u>\$ -</u>	<u>\$ 16,604,260</u>

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional promises to give that are recognized as support when the promise is received. Contributions receivable that are expected to be collected after more than one year are recorded with a discount to present value. The Organization considers all contributions receivable to be fully collectible at December 31, 2024. Management determined that a present value discount of long term receivables were immaterial to the financial statements as of December 31, 2024.

Contributions receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 2,629,537	\$ 4,984,171
Due in one to five years	<u>800,000</u>	<u>250,000</u>
	<u>\$ 3,429,537</u>	<u>\$ 5,234,171</u>

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6. PROGRAM INVENTORY

A rollforward of program inventory activity is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 5,365,201	\$ 4,946,544
In-kind contributions	24,803,011	23,860,618
Purchased additions	7,175,715	7,502,589
Goods distributed (in-kind)	(21,788,398)	(23,441,961)
Good distributed - purchased	<u>(7,175,966)</u>	<u>(7,502,589)</u>
Balance, end of year	<u>\$ 8,379,563</u>	<u>\$ 5,365,201</u>

7. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Office equipment	\$ 151,421	\$ 145,336
Leasehold improvements	697,417	697,417
Buildings	<u>5,256</u>	<u>-</u>
	854,094	842,753
Accumulated depreciation and amortization	<u>(800,752)</u>	<u>(739,914)</u>
	<u>\$ 53,342</u>	<u>\$ 102,839</u>

Depreciation and amortization expense for the year ended December 31, 2024 was \$49,497

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(With Comparative Totals for 2023)

8. SPECIAL EVENTS, NET

The Organization conducts an annual gala to assist in funding operations. Revenues from this event in excess of expenses are for unrestricted purposes. A summary of gross revenues and expenses for the annual gala for the year ended December 31, 2024 is as follows:

	2024	2023
Revenues		
Sponsorships and donations	\$ 2,564,988	\$ 6,516,940
Giving tree and auction proceeds	10,552,490	5,378,928
Ticket sales	4,307,294	638,373
	17,424,772	12,534,241
Expenses		
Production costs	(1,873,080)	(1,875,860)
Rent and facility costs	-	(15,782)
Other direct expenses	(213,296)	(166,354)
	(2,086,376)	(2,057,996)
	\$ 15,338,396	\$ 10,476,245

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Time restricted contributions	\$ 3,429,537	\$ 5,234,171

Net assets with donor restrictions released from restriction during the year were as follows:

	2024	2023
Satisfaction of time restrictions	\$ 3,967,504	\$ 1,192,211

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December 31, 2024  
(With Comparative Totals for 2023)

10. IN-KIND CONTRIBUTIONS

Donated diapers, clothing and other infant items for the year ended December 31, 2024 and 2023, included in the financial statements, were as follows:

	<u>2024</u>	<u>2023</u>
Clothing and socks	\$ 2,769,626	\$ 8,510,658
Hand sanitizer and hygiene products	6,018,571	3,520,379
Baby food	2,974,265	2,998,032
Toys	5,434,212	2,979,505
Shoes	245,658	519,042
Diapers	638,865	500,082
Baby wipes	250,093	388,695
Furniture and gear	28,323	104,699
Other items	<u>6,443,398</u>	<u>4,339,526</u>
	<u>\$ 24,803,011</u>	<u>\$ 23,860,618</u>

11. LEASES

The Organization is committed under various noncancelable operating lease agreements. The monthly lease payments range from \$37,493 to \$58,386. The leases carry separate terms and expire at various dates through April 2029.

Right-of-use lease assets - operating consisted of the following:

Right-of-use assets - operating	<u>\$ 3,589,069</u>
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The operating lease liabilities are detailed as follows:

Lease liabilities, net	<u>\$ 3,443,129</u>
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The components of lease costs are as follows:

Operating lease cost	<u>\$ 1,094,509</u>
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Baby2Baby  
Notes to Financial Statements  
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11. LEASES (continued)

Future maturities of operating lease liabilities are as follows:

<u>Year ending December 31,</u>		
2025	\$	1,107,402
2026		1,015,468
2027		673,618
2028		693,827
2029		<u>233,545</u>
		3,723,860
Less: imputed interest		<u>(280,731)</u>
	\$	<u><u>3,443,129</u></u>

The weighted-average lease terms and discount rates are as follows:

Weighted-average discount rate - operating leases	3.88%
Weighted-average remaining lease term - operating leases	3.36 years

12. SUBSEQUENT EVENTS

In September 2024, the Organization entered into a purchase and sale agreement to purchase 1757 Stanford Street, Santa Monica, CA 90404. The Organization entered into escrow in 2025 and closed and completed the purchase in February 2025. Furthermore, the Organization also established B2B Stanford LLC as the operating company for the Stanford property. The Organization is the member owner of 100% of the LLC's interests, and has an active operating agreement with the LLC, effective February 2025