

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**

**Financial Statements and
Independent Auditors' Report**

September 30, 2025 and 2024

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MILLER COOPER &Co.,Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors and the Finance and Audit Committees
National Runaway Switchboard
(d/b/a National Runaway Safeline)
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of National Runaway Switchboard (d/b/a National Runaway Safeline) (Organization) which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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 GAAS and *Government 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 GAAS and *Government 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors and the Finance and Audit Committees
National Runaway Switchboard
(d/b/a National Runaway Safeline)

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 29, 2026, on our consideration of National Runaway Switchboard's (d/b/a National Runaway Safeline) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
January 29, 2026

FINANCIAL STATEMENTS

National Runaway Switchboard
(d/b/a National Runaway Safeline)
 STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 538,496 | \$ 74,093 |
| Receivables, net | 9,066 | 32,969 |
| Prepays and other assets | 70,494 | 10,525 |
| Right-of-use assets, operating leases | 13,144 | 218,855 |
| | <hr/> | <hr/> |
| | <hr/> | <hr/> |
| | \$ 631,200 | \$ 336,442 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 163,788 | \$ 424,913 |
| Unearned revenue | 98,233 | 4,596 |
| Lease liabilities, operating leases | 13,163 | 226,389 |
| | <hr/> | <hr/> |
| Total liabilities | 275,184 | 655,898 |
| NET ASSETS (DEFICIT) | | |
| Without donor restrictions | 256,016 | (319,456) |
| With donor restrictions | 100,000 | - |
| | <hr/> | <hr/> |
| Total net assets | <hr/> | <hr/> |
| | \$ 631,200 | \$ 336,442 |

The accompanying notes are an integral part of these statements.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
 STATEMENT OF ACTIVITIES
Fiscal year ended September 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|-------------------|
| Revenues | | | |
| Program service revenue | \$ 2,231,729 | \$ - | \$ 2,231,729 |
| Contributions | 261,509 | 100,000 | 361,509 |
| Gross special events | 20,400 | - | 20,400 |
| Less: cost of direct benefits to donors | - | - | - |
| Net special event revenue | 20,400 | - | 20,400 |
| Donated materials and contributed services | 166,683 | - | 166,683 |
| Contract revenue | 230,041 | - | 230,041 |
| Net investment return | 7,502 | - | 7,502 |
| | <u>2,917,864</u> | <u>100,000</u> | <u>3,017,864</u> |
| Expenses | | | |
| Program services | 2,025,878 | - | 2,025,878 |
| Management and general | 214,540 | - | 214,540 |
| Fundraising | 101,974 | - | 101,974 |
| | <u>2,342,392</u> | <u>-</u> | <u>2,342,392</u> |
| CHANGE IN NET ASSETS | 575,472 | 100,000 | 675,472 |
| Net assets (deficit), beginning of year | <u>(319,456)</u> | <u>-</u> | <u>(319,456)</u> |
| Net assets, end of year | <u>\$ 256,016</u> | <u>\$ 100,000</u> | <u>\$ 356,016</u> |

The accompanying notes are an integral part of this statement.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
 STATEMENT OF ACTIVITIES
Fiscal year ended September 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|-------------------------------|---------------------|
| Revenues | | | |
| Program service revenue | \$ 2,099,192 | \$ - | \$ 2,099,192 |
| Contributions | 187,556 | - | 187,556 |
| Gross special events | 120,229 | - | 120,229 |
| Less: cost of direct benefits to donors | <u>(98,533)</u> | <u>-</u> | <u>(98,533)</u> |
| Net special event revenue | 21,696 | - | 21,696 |
| Donated materials and contributed services | 189,027 | - | 189,027 |
| Contract revenue | 75,405 | - | 75,405 |
| Net investment return | <u>14,489</u> | <u>-</u> | <u>14,489</u> |
| | <u>2,587,365</u> | <u>-</u> | <u>2,587,365</u> |
| Expenses | | | |
| Program services | 2,500,960 | - | 2,500,960 |
| Management and general | 278,996 | - | 278,996 |
| Fundraising | <u>81,938</u> | <u>-</u> | <u>81,938</u> |
| | <u>2,861,894</u> | <u>-</u> | <u>2,861,894</u> |
| CHANGE IN NET ASSETS (DEFICIT) | (274,529) | - | (274,529) |
| Net assets (deficit), beginning of year | <u>(44,927)</u> | <u>-</u> | <u>(44,927)</u> |
| Net assets (deficit), end of year | <u>\$ (319,456)</u> | <u>\$ -</u> | <u>\$ (319,456)</u> |

The accompanying notes are an integral part of this statement.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|------------------|
| Cash flows from operating activities | | |
| Change in net assets (deficit) | \$ 675,472 | \$ (274,529) |
| Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities | | |
| Net gain on investments | - | (7,308) |
| Forgiveness of note payable (See Note E) | - | (65,000) |
| Noncash component of operating lease expense | 205,711 | 101,274 |
| (Increase) decrease in assets | | |
| Receivables, net | 23,903 | (23,139) |
| Prepays and other assets | (59,969) | 28,594 |
| Increase (decrease) in liabilities | | |
| Accounts payable and accrued expenses | (261,125) | 303,233 |
| Unearned revenue | 93,637 | (30,858) |
| Lease liabilities, operating leases | <u>(213,226)</u> | <u>(98,639)</u> |
| Net cash provided by (used in) operating activities | <u>464,403</u> | <u>(66,372)</u> |
| Cash flows from investing activities | | |
| Proceeds from sales of investments | - | 59,063 |
| Net cash provided by investing activities | - | 59,063 |
| Cash flows from financing activities | | |
| Borrowings from related parties | - | 70,000 |
| Repayments to related parties | - | <u>(105,000)</u> |
| Net cash used in financing activities | - | (35,000) |
| INCREASE (DECREASE) IN CASH | 464,403 | (42,309) |
| Cash, beginning of year | <u>74,093</u> | <u>116,402</u> |
| Cash, end of year | <u>\$ 538,496</u> | <u>\$ 74,093</u> |

(Continued)

The accompanying notes are an integral part of these statements.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
STATEMENTS OF CASH FLOWS (Continued)
Years Ended September 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| <u>Cash paid for amounts included in the measurement of lease liabilities</u> | | |
| Operating cash flows used for operating leases | \$ <u>118,089</u> | \$ <u>112,517</u> |
| <u>Supplemental disclosure of cash flow information</u> | | |
| Cash paid for interest | \$ <u>28</u> | \$ <u>6,067</u> |

The accompanying notes are an integral part of these statements.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
 STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2025

| | Program Services | Management and General | Fundraising | Total |
|--|---------------------|------------------------------|-------------------|---------------------|
| Salaries | \$ 958,879 | \$ 106,308 | \$ 42,911 | \$ 1,108,098 |
| Employee benefits and payroll taxes | <u>180,151</u> | <u>28,519</u> | <u>8,062</u> | <u>216,732</u> |
| | 1,139,030 | 134,827 | 50,973 | 1,324,830 |
| Conference and seminar expenses | - | - | - | - |
| Contributed services and rent | 166,683 | - | - | 166,683 |
| Software licenses, fees and subscriptions | 111,298 | 12,215 | 5,243 | 128,756 |
| Fundraising events | - | - | 15,658 | 15,658 |
| Interest expense and bank charges | - | 424 | 4,884 | 5,308 |
| Miscellaneous | 10,109 | - | - | 10,109 |
| Office expense | 42,859 | 4,321 | 2,522 | 49,702 |
| Office rental and maintenance | 16,727 | 5,644 | 637 | 23,008 |
| Rent early termination fee | 71,000 | 23,000 | 6,000 | 100,000 |
| Professional fees and services | 446,362 | 32,933 | 15,082 | 494,377 |
| Staff training and recognition | 10,545 | 116 | 47 | 10,708 |
| Travel | <u>11,265</u> | <u>1,060</u> | <u>928</u> | <u>13,253</u> |
| Total expenses by function | 2,025,878 | 214,540 | 101,974 | 2,342,392 |
| Less expenses included with revenues on the statement of activities | | | | |
| Cost of direct benefits to donors | - | - | - | - |
| | <u>\$ 2,025,878</u> | <u>\$ 214,540</u> | <u>\$ 101,974</u> | <u>\$ 2,342,392</u> |

The accompanying notes are an integral part of this statement.

National Runaway Switchboard
(d/b/a National Runaway Safeline)
 STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2024

| | Program Services | Management and General | Fundraising | Total |
|--|---------------------|------------------------------|------------------|---------------------|
| Salaries | \$ 1,320,167 | \$ 137,298 | \$ 39,969 | \$ 1,497,434 |
| Employee benefits and payroll taxes | <u>258,798</u> | <u>20,726</u> | <u>1,456</u> | <u>280,980</u> |
| | 1,578,965 | 158,024 | 41,425 | 1,778,414 |
| Conference and seminar expenses | 156 | 54 | - | 210 |
| Contributed services | 189,027 | - | - | 189,027 |
| Software licenses, fees and subscriptions | 118,543 | 6,912 | 8,347 | 133,802 |
| Fundraising events | 860 | 5,366 | 83,355 | 89,581 |
| Interest expense and bank charges | 3,931 | 7,989 | 6,314 | 18,234 |
| Miscellaneous | 16,140 | 19,759 | 12,504 | 48,403 |
| Office expense | 71,794 | 12,563 | 2,307 | 86,664 |
| Office rental and maintenance | 113,540 | 24,346 | 1,042 | 138,928 |
| Professional fees and services | 369,489 | 34,728 | 22,104 | 426,321 |
| Staff training and recognition | 3,008 | 3,842 | 301 | 7,151 |
| Travel | <u>35,507</u> | <u>5,413</u> | <u>2,772</u> | <u>43,692</u> |
| Total expenses by function | 2,500,960 | 278,996 | 180,471 | 2,960,427 |
| Less expenses included with revenues on the statement of activities | | | | |
| Cost of direct benefits to donors | - | - | (98,533) | (98,533) |
| | <u>\$ 2,500,960</u> | <u>\$ 278,996</u> | <u>\$ 81,938</u> | <u>\$ 2,861,894</u> |

The accompanying notes are an integral part of this statement.

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

1. Nature of Activities

The National Runaway Switchboard d/b/a The National Runaway Safeline (Organization) is a national non-profit organization committed to ensuring that runaway, homeless and at-risk youth are safe and off the streets. Founded as Metrohelp in 1971, the Organization serves as the crisis line for youth ages 12 through 21 and families providing critical crisis intervention 24 hours a day, 365 days a year. Through its crisis 1-800-RUNAWAY hotline and 1800RUNAWAY.org online services (email, chat and on-line forum), the Organization provides crisis intervention, referral services and prevention resources for approximately 100,000 youth, families, service providers, community members and other key stakeholders throughout the United States and U.S. territories annually. The Organization's prevention resources include its free, evidence-based Let's Talk: Runaway Prevention Curriculum in English and Spanish for school, youth-serving organizations and other community-based providers. More than 17,000 youth have been reunited with their families through the Organization's Home Free program, a collaboration with Greyhound Lines, Inc. All services are free, confidential and available for young people between the ages of 12 through 21.

2. Net Assets (Deficit) and Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

2. Net Assets (Deficit) and Basis of Presentation (Continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net asset with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

3. Receivables, net

Receivables are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value. The Organization does not have receivables that are expected to be collected beyond one year. There was no allowance for doubtful accounts deemed necessary at September 30, 2025. The Organization recorded allowance for doubtful accounts of \$3,000 at September 30, 2024 and October 1, 2023. The changes to the Organization's allowance for doubtful accounts during 2025 were not significant.

4. Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statements of financial position. The Organization received cost-reimbursable grants of \$98,233 and \$4,596 which have not been recognized as revenue (presented as unearned revenue) at September 30, 2025 and 2024, because qualifying expenditures have not been incurred.

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

4. Revenue and Revenue Recognition (Continued)

Special Events

Special event revenue is comprised of an exchange element based on direct benefits provided, and a contribution element for the difference between the total cash received and the exchange element. Special event revenue is received when attendees to large fundraising events receive a benefit from attendance. The Organization recognizes the exchange portion of special events revenue at a point in time when substantially all benefits have been provided, and the contribution element when the cash is received. The exchange portion received in advance are deferred to the applicable period. The following schedule summarizes the Organization's components of special events revenue for the years ended September 30, 2025 and 2024, respectively.

| | <u>2025</u> | <u>2024</u> |
|------------------------------|-------------------------|--------------------------|
| Contribution revenue | \$ 20,400 | \$ 118,234 |
| Exchange transaction revenue | <u>-</u> | <u>1,995</u> |
| | <u><u>\$ 20,400</u></u> | <u><u>\$ 120,229</u></u> |

All of the Organization's revenue from contracts with customers is from performance obligations with an initial expected duration of one year or less.

5. Contributions

Gifts of cash and other assets are presented as net assets with donor restrictions if the gifts are received with donor stipulations that limit the use of donated assets. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

5. Contributions (Continued)

A substantial number of unskilled volunteers have contributed their time and a number of organizations have donated services to the Organization. The unskilled volunteer services have not been recorded as the services do not meet the requirements for inclusion in the financial statements. The amount of unskilled volunteer services has been disclosed (Note D) and is based on actual hours and the Independent Sector's value of volunteer time. The contributed services from a number of organizations have been recorded as these services meet the requirements for inclusion in the financial statements and are based on the estimated value of services provided or discounts given to the Organization.

6. Income Taxes

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

7. Functional Expense Allocations

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs associated with a specific program are charged directly to that program. Costs that benefit more than one program have been allocated among the programs and supporting services benefited based on a systematic and rational method. Home-free tickets, which are included in contributed services, and volunteer services expenses, are allocated on a basis of direct costs. All other expenses in the statement of functional expenses are allocated on the basis of time and effort.

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

8. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

9. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including receivables, accounts payable and accrued expenses, and current maturities of notes payable approximate fair value due to the short term nature of these instruments.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the notes to these financial statements.

10. Leases

The Organization follows the guidance under Accounting Standards Codification (ASC) 842, *Leases*, (Topic 842) which requires lessees to recognize, at the commencement date, a lease liability representing the lessee's obligation to make payments arising from the lease and a right of use asset (ROU) representing the lessee's right to use or control the use of a specific asset for the lease term. The Organization has made an accounting policy election to only apply the standard to lease agreements with terms that are greater than twelve months. ASC 842 distinguishes leases as either a finance lease or an operating lease, which affects how the leases are measured and presented in the statement of activities and statements of cash flows.

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented in operating lease ROU assets and lease liabilities, operating leases in the accompanying statements of financial position. ROU assets and lease liabilities are initially measured based on the present value of future lease payments over the lease term as determined at each lease's commencement date.

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

10. Leases (Continued)

Operating lease cost for operating leases is recognized as lease expense using the straight-line method over the term of the lease, which includes the noncancelable period under the lease and any periods covered by options to extend a lease the Organization is reasonably certain to exercise.

Operating lease ROU assets include all fixed contractual lease payments and initial direct costs, less any lease incentives received from the lessor. Lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants.

NOTE B - AVAILABILITY AND LIQUIDITY AND MANAGEMENT'S PLANS

As of September 30, 2025 and 2024, the following tables show the total financial assets held by the Organization and the amounts of those financial assets that could be readily be made available within one year of the statements of financial position dates to meet general expenditures:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Financial assets at year end: | | |
| Cash | \$ 538,496 | \$ 74,093 |
| Receivables | <u>9,066</u> | <u>32,969</u> |
| | <u>547,562</u> | <u>107,062</u> |
| Less amounts not available to be used within one year for general operations: | | |
| Net assets with donor restrictions | <u>100,000</u> | <u>-</u> |
| | <u>100,000</u> | <u>-</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 447,562</u> | <u>\$ 107,062</u> |

**National Runaway Switchboard
(d/b/a National Runaway Safeline)**
NOTES TO FINANCIAL STATEMENTS
Years Ended September 30, 2025 and 2024

NOTE B - AVAILABILITY AND LIQUIDITY AND MANAGEMENT'S PLANS (Continued)

The Organization's primary source of funding is a three-year federal cooperative agreement. This cooperative agreement commenced September 30, 2023 and is set to expire September 29, 2026. Annual funding under the cooperative agreement is \$1,800,000 through expiry on September 29, 2026. In addition, during the year ended September 30, 2024, the Organization was granted two supplemental awards of \$375,000 and \$425,000. The \$375,000 award funded expenses in 2024 and expired on September 29, 2024. The \$425,000 award funded expenses in 2025 and expired on August 30, 2025. The Organization also receives contributions from donors each year, which historically have been sufficient to meet general expenditures not covered by federal funding. The Organization had a net deficit at September 30, 2024, and experienced decreases in net assets during that year. Management evaluated the significance of those conditions, and developed a plan to minimize the impact of the conditions during fiscal year 2025.

During fiscal year 2025, the Organization implemented certain costs reduction measures, including reducing staff, wages, other operating expenses and also terminated its lease agreement (Note E) to enhance fiscal stability and reduce its deficit and build reserves.

The Organization has an operating reserve policy that is intended to ensure the stability of the mission, programs, employment and ongoing operations of the Organization. The policy is implemented in concert with the other governance and financial policies of the Organization. The policy aims to maintain 1-2 months worth of operating expenses.

NOTE C - NOTE PAYABLE

1. Promissory Note

The Organization entered into a note agreement dated September 30, 2022 with a maximum borrowing balance of \$150,000 with a party related to a former member of the Organization's management. Monthly payments of interest only were due beginning November 1, 2022 at a rate of 3.01% per annum and continuing on the first day of each month thereafter, with not less than one-half of the outstanding balance of principal being due and payable on October 1, 2023, and with the final payment of all outstanding principal and interest due on October 1, 2024. Approximately \$6,000 of interest was incurred as of September 30, 2024. During 2024 the Organization paid \$35,000 of the outstanding balance and the remaining amount of \$65,000 was forgiven by the lender.

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NOTE C - NOTE PAYABLE (Continued)

2. **Bridge Loan - Related Party**

In September 2024, the Organization received \$70,000 from a board member as an interest-free bridge loan. The Organization repaid the loan in full in September 2024, as such there was no outstanding balance at September 30, 2024.

NOTE D - DONATED MATERIALS AND CONTRIBUTED SERVICES

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization. Donated 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 the Organization. Services valued at \$147,833 and \$98,927 have not been recognized in the accompanying statements of activities for the years ended September 30, 2025 and 2024, respectively, as they do not meet the requirements for recognition.

The Organization also receives donated bus tickets and rent, which the Organization recognizes as in-kind contribution revenue and contributed services expense in an amount approximating the estimated fair value at the time of the donation. Fair value of the bus tickets is estimated based on the value of the ticket at the time of booking which amounted to \$139,584 and \$189,027 for the years ended September 30, 2025 and 2024, respectively. The fair value of rent is based on the terms of a rental contract and amounted to \$26,844 and \$0 for the years ended September 30, 2025 and 2024, respectively. The total amount recognized for contributed services and included in program services in the statements of activities for the years ended September 30, 2025 and 2024 is \$166,683 and \$189,027, respectively.

NOTE E - LEASE COMMITMENTS

The Organization leased office space under a noncancelable operating lease agreement which was to expire on October 31, 2026. The lease had base rent escalating from \$7,949 per month to \$9,493 per month. In April 2025, the Organization terminated the office space lease in exchange for a termination payment of \$100,000.

In September 2025, the Organization entered into a noncancelable office space lease with monthly rental payments of \$568 through September 2027. The lease is classified as an operating lease and reported in right-of-use assets and lease liabilities on the Organization's statements of financial position.

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NOTE E - LEASE COMMITMENTS (Continued)

The Organization has elected the practical expedient available to non-public business entities which allows an Organization to use the risk-free rate to discount its leases when the rate implicit in the lease is not readily determinable. The risk-free rate represents the nominal yield at the later of lease inception or the transition date applicable to U.S. Treasury instruments with a maturity of similar length to the lease term. The risk-free rate applied to operating leases in place at the transition date ranged from 3.66 - 4.16%.

Operating lease cost is recognized on a straight-line basis over the lease term. Operating lease cost approximated \$118,000 and \$112,000 for the years ended September 30, 2025 and 2024, respectively.

Future undiscounted cash flows for the next three years and thereafter, not considering the impact of the lease termination mentioned above, and a reconciliation to the lease liabilities recognized on the statements of financial position are as follows as of September 30, 2025:

Years Ending September 30:

| | | |
|------------------------|------|------------------|
| | 2026 | \$ 6,816 |
| | 2027 | <u>6,816</u> |
| | | |
| Total lease payments | | 13,632 |
| Less: imputed interest | | <u>(469)</u> |
| | | |
| Lease liabilities | | <u>\$ 13,163</u> |

The weighted-average remaining lease term and the weighted-average discount rate is as follows as of September 30:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|-------------|-------------|
| Weighted-average remaining lease term | 2 years | 2.1 years |
| Weighted-average discount rate | 3.09% | 4.16% |

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NOTE F - RISKS AND UNCERTAINTIES

1. **Uninsured Cash**

The Organization maintains its cash balances at various financial institutions. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of FDIC insured deposit limits.

2. **Funding Source**

The Organization received approximately 74% and 81% of its total revenues from federal funding for the years ended September 30, 2025 and 2024, respectively.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

3. **Contingencies**

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization.

NOTE G - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2026, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the statement of financial position date that require disclosure in the financial statements.