Financial Statements
For the Years Ended
June 30, 2025 and 2024

# Beverly Bootstraps Community Services, Inc.

Financial Statements

For the Years Ended June 30, 2025 and 2024

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*Independent Auditors' Report*

To the Board of Directors of
Beverly Bootstraps Community Services, Inc.
Beverly, Massachusetts

**Opinion**

We have audited the accompanying financial statements of Beverly Bootstraps Community Services, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Beverly Bootstraps Community Services, Inc. as of June 30, 2025 and 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beverly Bootstraps Community Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beverly Bootstraps Community Services, Inc.'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 Beverly Bootstraps Community Services, Inc.'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.

LitmanGerson Associates, LLP

Woburn, Massachusetts
January 6, 2026

## Beverly Bootstraps Community Services, Inc.
Statements of Financial Position
June 30, 2025 and 2024

| **Assets** | **2025** | 2024 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | **$ 398,000** | $ 263,742 |
| Cash and cash equivalents - board designated | **520,102** | 258,495 |
| Total cash and cash equivalents | **918,102** | 522,237 |
| Certificate of deposit - board designated | **-** | 155,169 |
| Grants and contributions receivable | **63,001** | 255,447 |
| Inventory - thrift shop | **44,079** | 54,426 |
| Prepaid expenses and other current assets | **35,559** | 59,196 |
| Total current assets | **1,060,741** | 1,046,475 |
| Property and equipment, net | **3,307,001** | 3,451,457 |
| Other assets: | | |
| Grants and contributions receivable - noncurrent | **30,000** | - |
| Beneficial interest in assets held by community foundation - board designated | **262,757** | 247,986 |
| Operating lease right-of-use asset, net | **114,871** | 141,271 |
| Security deposits | **2,125** | 2,125 |
| Total other assets | **409,753** | 391,382 |
| Total assets | **$ 4,777,495** | $ 4,889,314 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Current portion of note payable - SBA | **$ 3,003** | $ - |
| Current portion of mortgage payable | **10,083** | 9,666 |
| Current portion of operating lease liability | **25,743** | 23,489 |
| Accounts payable and other current liabilities | **241,365** | 224,101 |
| Total current liabilities | **280,194** | 257,256 |
| Long-term liabilities: | | |
| Note payable - SBA, net of current portion | **146,997** | 150,000 |
| Mortgage payable, net of current portion | **357,717** | 365,605 |
| Operating lease liability, net of current portion | **92,290** | 118,033 |
| Total long term liabilities | **597,004** | 633,638 |
| Total liabilities | **877,198** | 890,894 |
| Net assets: | | |
| Without donor restrictions | | |
| Undesignated | **7,097** | 210,584 |
| Board designated | **782,859** | 661,650 |
| Invested in property and equipment, net of related debt | **2,939,201** | 3,076,186 |
| Total without donor restrictions | **3,729,157** | 3,948,420 |
| With donor restrictions | **171,140** | 50,000 |
| Total net assets | **3,900,297** | 3,998,420 |
| Total liabilities and net assets | **$ 4,777,495** | $ 4,889,314 |

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

## Beverly Bootstraps Community Services, Inc.

Statements of Activities

For the Years Ended June 30, 2025 and 2024

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | Without Donor Restrictions | With Donor Restrictions | Total |
| **Support and Revenue:** | | | | | | |
| Contributions and grants | **$ 2,628,493** | **$ 154,290** | **$ 2,782,783** | $ 1,941,320 | $ 35,000 | $ 1,976,320 |
| Contributions, in-kind | **2,161,070** | **-** | **2,161,070** | 2,139,056 | - | 2,139,056 |
| Thrift shop sales | **942,609** | **-** | **942,609** | 982,313 | - | 982,313 |
| Government grants | **-** | **-** | **-** | 258,364 | - | 258,364 |
| Investment income, net | **37,519** | **-** | **37,519** | 34,129 | - | 34,129 |
| Gain on insurance proceeds | **22,598** | **-** | **22,598** | - | - | - |
| Gain on sale of property and equipment | **-** | **-** | **-** | 12,500 | - | 12,500 |
| Net assets released from restriction | **33,150** | **(33,150)** | **-** | 105,000 | (105,000) | - |
| Total support and revenue | **5,825,439** | **121,140** | **5,946,579** | 5,472,682 | (70,000) | 5,402,682 |
| **Expenses:** | | | | | | |
| Program services: | | | | | | |
| Program services | **3,089,393** | **-** | **3,089,393** | 2,522,742 | - | 2,522,742 |
| Program services - in kind | **2,171,538** | **-** | **2,171,538** | 2,133,034 | - | 2,133,034 |
| Total program services | **5,260,931** | **-** | **5,260,931** | 4,655,776 | - | 4,655,776 |
| Management and general | **320,400** | **-** | **320,400** | 303,013 | - | 303,013 |
| Fundraising | **463,371** | **-** | **463,371** | 493,288 | - | 493,288 |
| Total expenses | **6,044,702** | **-** | **6,044,702** | 5,452,077 | - | 5,452,077 |
| Change in net assets | **(219,263)** | **121,140** | **(98,123)** | 20,605 | (70,000) | (49,395) |
| Net assets at beginning of year | **3,948,420** | **50,000** | **3,998,420** | 3,927,815 | 120,000 | 4,047,815 |
| Net assets at end of year | **$ 3,729,157** | **$ 171,140** | **$ 3,900,297** | $ 3,948,420 | $ 50,000 | $ 3,998,420 |

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

# Beverly Bootstraps Community Services, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2025

| | Program Services | | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|---|
| | Food Assistance | Client Support | Adult Education | Youth & Family | Thrift Shop | Total Program | Management and General | Fundraising | Total |
| Client betterment | $ 224,734 | $ 99,602 | $ 2,581 | $ 25,428 | $ - | $ 352,345 | $ - | $ - | $ 352,345 |
| Client betterment - in kind | 1,210,019 | 12,094 | 9,225 | 331,009 | 33,618 | 1,595,965 | - | - | 1,595,965 |
| Total client betterment | 1,434,753 | 111,696 | 11,806 | 356,437 | 33,618 | 1,948,310 | - | - | 1,948,310 |
| Salaries and wages | 435,276 | 224,288 | 231,935 | 105,918 | 575,445 | 1,572,862 | 102,612 | 199,859 | 1,875,333 |
| Payroll taxes and fees | 52,974 | 27,330 | 28,205 | 12,886 | 70,197 | 191,592 | 14,318 | 24,317 | 230,227 |
| Fringe benefits | 41,050 | 32,040 | 26,260 | 16,704 | 60,674 | 176,728 | 15,038 | 25,064 | 216,830 |
| Contract services | 39,353 | 13,774 | 23,613 | 23,613 | 59,032 | 159,385 | 42,527 | 17,119 | 219,031 |
| Total personnel costs | 568,653 | 297,432 | 310,013 | 159,121 | 765,348 | 2,100,567 | 174,495 | 266,359 | 2,541,421 |
| Depreciation | 38,277 | 13,397 | 22,966 | 22,966 | 57,415 | 155,021 | 19,713 | 16,650 | 191,384 |
| Repairs and maintenance | 30,264 | 7,127 | 12,218 | 12,218 | 31,609 | 93,436 | 6,777 | 8,050 | 108,263 |
| Utilities | 18,786 | 4,383 | 7,515 | 7,515 | 12,524 | 50,723 | 8,736 | 4,819 | 64,278 |
| Insurance | 9,343 | 3,270 | 5,606 | 5,606 | 14,015 | 37,840 | 7,034 | 3,632 | 48,506 |
| Lease expense | 16,087 | - | - | 8,044 | 7,856 | 31,987 | 91 | - | 32,078 |
| Interest expense | 3,935 | 1,377 | 2,361 | 2,361 | 5,900 | 15,934 | 5,889 | 1,630 | 23,453 |
| Total occupancy costs | 116,692 | 29,554 | 50,666 | 58,710 | 129,319 | 384,941 | 48,240 | 34,781 | 467,962 |
| Cost of goods sold - in kind | - | - | - | - | 575,573 | 575,573 | - | - | 575,573 |
| Program and office supplies | 39,354 | 6,819 | 18,486 | 27,598 | 33,010 | 125,267 | 6,016 | 24,206 | 155,489 |
| Special events and fundraising | - | - | - | - | - | - | - | 64,043 | 64,043 |
| Equipment rental | 16,042 | 3,228 | 5,534 | 5,534 | 14,489 | 44,827 | 7,814 | 3,749 | 56,390 |
| Consulting and contract labor | - | - | - | - | - | - | 21,400 | 26,360 | 47,760 |
| Professional fees | - | - | - | - | - | - | 42,872 | - | 42,872 |
| Bank and credit card fees | - | - | - | - | 21,363 | 21,363 | 7,623 | 9,155 | 38,141 |
| Telephone | 8,061 | 1,828 | 3,588 | 3,134 | 5,224 | 21,835 | 3,677 | 1,988 | 27,500 |
| Conferences, education and travel | 8,558 | 1,187 | 2,226 | 2,022 | 4,206 | 18,199 | 4,168 | 2,001 | 24,368 |
| Marketing | - | - | 250 | 20 | 5,916 | 6,186 | 53 | 14,608 | 20,847 |
| Appreciation | 6,057 | 1,092 | 2,042 | 1,653 | 3,019 | 13,863 | 4,042 | 1,160 | 19,065 |
| Newsletters and publications | - | - | - | - | - | - | - | 14,961 | 14,961 |
| Total other expenses | 78,072 | 14,154 | 32,126 | 39,961 | 662,800 | 827,113 | 97,665 | 162,231 | 1,087,009 |
| Total functional expenses | $ 2,198,170 | $ 452,836 | $ 404,611 | $ 614,229 | $ 1,591,085 | $ 5,260,931 | $ 320,400 | $ 463,371 | $ 6,044,702 |

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

# Beverly Bootstraps Community Services, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2024

| | Program Services | | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|---|
| | Food Assistance | Client Support | Adult Education | Youth & Family | Thrift Shop | Total Program | Management and General | Fundraising | Total |
| Client betterment | $ 160,021 | $ 91,315 | $ 3,376 | $ 24,336 | $ - | $ 279,048 | $ - | $ - | $ 279,048 |
| Client betterment - in kind | 1,155,297 | 13,072 | - | 309,852 | 1,240 | 1,479,461 | - | - | 1,479,461 |
| Total client betterment | 1,315,318 | 104,387 | 3,376 | 334,188 | 1,240 | 1,758,509 | - | - | 1,758,509 |
| Salaries and wages | 377,247 | 270,494 | 179,965 | 99,247 | 476,463 | 1,403,416 | 115,338 | 246,254 | 1,765,008 |
| Payroll taxes and fees | 59,207 | 34,221 | 22,722 | 12,574 | 60,650 | 189,374 | 16,678 | 31,199 | 237,251 |
| Fringe benefits | 33,742 | 23,709 | 16,450 | 9,023 | 42,754 | 125,678 | 9,911 | 24,210 | 159,799 |
| Contract services | - | - | - | - | - | - | 22,800 | - | 22,800 |
| Total personnel costs | 470,196 | 328,424 | 219,137 | 120,844 | 579,867 | 1,718,468 | 164,727 | 301,663 | 2,184,858 |
| Depreciation | 29,662 | 11,017 | 16,949 | 16,949 | 62,713 | 137,290 | 17,458 | 14,746 | 169,494 |
| Repairs and maintenance | 18,281 | 6,064 | 10,095 | 9,329 | 36,183 | 79,952 | 9,609 | 8,116 | 97,677 |
| Utilities | 8,780 | 3,261 | 5,017 | 5,017 | 18,563 | 40,638 | 5,168 | 4,365 | 50,171 |
| Insurance | 6,839 | 2,541 | 3,909 | 3,909 | 14,463 | 31,661 | 4,019 | 3,401 | 39,081 |
| Interest expense | 1,981 | 991 | 1,486 | 1,486 | 5,201 | 11,145 | 12,382 | 1,238 | 24,765 |
| Lease expense | 1,604 | - | - | 535 | 535 | 2,674 | - | - | 2,674 |
| Total occupancy costs | 67,147 | 23,874 | 37,456 | 37,225 | 137,658 | 303,360 | 48,636 | 31,866 | 383,862 |
| Cost of goods sold - in kind | - | - | - | - | 653,572 | 653,572 | - | - | 653,572 |
| Program and office supplies | 11,065 | 6,381 | 15,491 | 12,408 | 46,896 | 92,241 | 11,754 | 21,594 | 125,589 |
| Professional fees | 2,303 | - | - | - | - | 2,303 | 47,937 | - | 50,240 |
| Equipment rental | 13,605 | 2,408 | 3,633 | 3,633 | 19,382 | 42,661 | 3,738 | 3,311 | 49,710 |
| Special events and fundraising | - | - | - | - | - | - | - | 47,555 | 47,555 |
| Contract labor | - | - | - | - | - | - | - | 43,843 | 43,843 |
| Bank and credit card fees | - | - | - | - | 29,446 | 29,446 | 5,791 | 7,883 | 43,120 |
| Conferences, education, and travel | 10,851 | 888 | 1,396 | 1,480 | 7,614 | 22,229 | 5,083 | 1,200 | 28,512 |
| Telephone | 4,470 | 1,809 | 2,907 | 2,535 | 9,378 | 21,099 | 2,611 | 2,205 | 25,915 |
| Marketing | 653 | - | 8 | 295 | 7,106 | 8,062 | 1,626 | 15,131 | 24,819 |
| Appreciation | 1,230 | 498 | 1,509 | 432 | 157 | 3,826 | 11,110 | 1,693 | 16,629 |
| Newsletters and publications | - | - | - | - | - | - | - | 15,344 | 15,344 |
| Total other expenses | 44,177 | 11,984 | 24,944 | 20,783 | 773,551 | 875,439 | 89,650 | 159,759 | 1,124,848 |
| Total functional expenses | $ 1,896,838 | $ 468,669 | $ 284,913 | $ 513,040 | $ 1,492,316 | $ 4,655,776 | $ 303,013 | $ 493,288 | $ 5,452,077 |

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

**Beverly Bootstraps Community Services, Inc.**
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

| | **2025** | 2024 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | **$ (98,123)** | $ (49,395) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Interest reinvested in certificate of deposit | **-** | (6,874) |
| In-kind contribution of inventory, net | **10,347** | 9,758 |
| Depreciation | **191,384** | 169,494 |
| Gain on insurance proceeds | **(22,598)** | - |
| Gain on sale of motor vehicle | **-** | (12,500) |
| Unrealized and realized gain on assets held by community foundation | **(14,771)** | (18,225) |
| Reduction in carrying amount of operating lease right-of-use assets | **26,400** | 2,154 |
| Amortization of debt issuance costs | **1,583** | 1,583 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants and contributions receivable | **162,446** | (48,668) |
| Prepaid expenses and other current assets | **23,637** | (31,994) |
| Security deposits | **-** | (2,125) |
| Increase (decrease) in: | | |
| Accounts payable and other current liabilities | **17,264** | 49,493 |
| Operating lease liabilities | **(23,489)** | (1,903) |
| Net cash provided by operating activities | **274,080** | 60,798 |
| Cash flows from investing activities: | | |
| Proceeds from redemption of certificate of deposit | **155,169** | 159,451 |
| Proceeds from insurance claims | **22,598** | - |
| Proceeds from sale of motor vehicle | **-** | 12,500 |
| Purchases of property and equipment | **(46,928)** | (288,309) |
| Net cash provided by (used in) investing activities | **130,839** | (116,358) |
| Cash flows from financing activities: | | |
| Repayments of mortgage payable | **(9,054)** | (10,122) |
| Net cash used in financing activities | **(9,054)** | (10,122) |
| Net change in cash and cash equivalents | **395,865** | (65,682) |
| Cash and cash equivalents at beginning of year | **522,237** | 587,919 |
| Cash and cash equivalents at end of year | **$ 918,102** | $ 522,237 |
| **Supplemental disclosures of cash flow information** | | |
| Cash paid during the year for: | | |
| Interest | **$ 23,626** | $ 21,229 |
| Cash paid during the year for amounts included in the measurement of operating lease liabilities: | | |
| Operating cash outflows for operating leases | **$ 29,167** | $ 2,423 |
| **Supplemental disclosures of non-cash investing and financing activities** | | |
| Interest reinvested in certificate of deposit | **$ -** | $ 6,874 |
| Operating lease right-of-use asset and liability obtained as a result of commencement of a lease | **$ -** | $ 143,425 |

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

## 1. Nature of Business

Beverly Bootstraps (the Organization) is a leading social service agency on the North Shore that started as a food pantry in a downtown Beverly Church in 1992; incorporated as Beverly Bootstraps Food Pantry in 1994; and secured IRS 501(c)(3) status in 1995. In 2007, the agency became Beverly Bootstraps Community Services, Inc. In 2007, the Board of Directors voted to serve Manchester-by-the Sea in addition to Beverly. In 2008, the Organization purchased a commercial building at 371 Cabot Street in Beverly for its consolidated operations and hired its first non-founding executive director. In 2014 and 2015, the Organization conducted its first capital campaign, purchased a larger commercial facility at 35 Park Street/198 Rantoul Street and renovated the space to accommodate all its functions, including its Thrift Shop. The Organization took occupancy in March of 2016. In 2021, the Board of Directors voted to serve Essex, Hamilton, and Wenham, making the Organization a regional non-profit. In the spring of 2024, the Organization added rental warehouse space in the contiguous building at 31 Park Street to accommodate the increased food needed to meet the need in the community. Beverly Bootstraps provides critical resources to families and individuals so that they may achieve self-sufficiency through emergency and long-term assistance, including access to food, housing stability, adult education, counseling and advocacy. Primary support for the Organization is from donor contributions and thrift shop sales. A total of 17 Board members, 10 Advisors to the Board, 50 staff members, 2 contractors, 3 professional consultants and over 500 volunteers made the work of the Organization possible in FY25.

*Food Assistance*
Beverly Bootstraps addresses hunger through its food assistance programs, which provide emergency food to those in need. The food pantry distributes food 22 hours each week during shifts Monday through Thursday. In FY25 the food pantry experienced the highest number of annual visits at 23,307. The average daily visits went from 51 per day to 120 per day from FY22 to FY25. In FY24, the food pantry visits were at 20,557, a 107% increase over FY22. There were 1,950 senior bags distributed through a partnership with the Beverly Council on Aging. To support children who are at risk of food insecurity over the weekends and school vacations, 11,317 weekend food bags were delivered to school children in FY25 and 10,494 in FY24. Thanksgiving meal ingredients were distributed to households for a total of 748 meals. To add accessibility, the Organization launched its new program, Refrigerated Food Lockers, in April of 2023. In FY24, this program served 364 individuals (146 households). In FY25, there were 1,845 visits to the Organization's two refrigerated food locker locations.

In FY25, all of the Food Assistance programs combined distributed 1,003,691 pounds of food to 6,876 individuals (3,159 households).

*Client Support*
Case managers help clients cope with complex and economically challenging situations and connect people to resources and services. Direct services include housing stability through rental payment, heat and utility assistance, clothing, and goods. In FY25, Case Management served 6,876 clients. In FY24 case managers handled cases for 1,506 individuals. These people were from 672 households. The team distributed funds directly from the Organization for client betterment and case managers leveraged community funds for clients as well. Additionally, the Organization ran one of the few free Tax Preparation Programs on the North Shore in FY24 and served communities representing the Northshore. The Organization prepared 488 tax returns in FY24. For FY25, 477 tax returns were completed, securing $888,000 in tax refunds for clients.

**1. Nature of Business…**continued

*Adult Education*
Adult Education includes High School Equivalency (HSE) HiSET Test Preparation, English Speakers of Other Languages (ESOL), and College and Career Readiness (CCR). The HSE program continued in FY25 with students studying virtually or in person with their tutor. There were 47 students regularly studying, passing 89 out of 103 individual tests. 15 students completed all 5 subject exams to receive their HiSET equivalency certificate. In FY25, 126 ESOL students studied regularly clocking 6,753 hours learned over the course of the year. While there were only a few students who took advantage of the College and Career Readiness services, as this is still a new program, those students successfully enrolled in college courses, trade programs, or employment.

In FY24, there were 45 students regularly studying, passing 72 out of 102 individual tests. 16 students completed all 5 subject exams to receive their HiSET equivalency certificate. In FY24 81 ESOL students studied regularly clocking 6,420 hours learned over the course of the year.

*Youth & Family*
In FY25, 945 children received school supplies including backpacks, notebooks, writing implements, pencils, markers, and other items needed for their academic success. The Organization distributed holiday gifts to 822 children.

In FY24, 910 children received school supplies including backpacks, notebooks, writing implements, pencils, markers, and other items needed for their academic success. The Organization distributed holiday gifts to 801 children.

*Thrift Shop*
The Organization runs a retail Thrift Shop and relies on merchandise donations to sustain an inventory of high-quality used clothing and household items. The thrift shop is a local community resource that provides shoppers with merchandise at discounted prices, and donors the opportunity to recycle items. Clients may receive vouchers for free merchandise. In FY25 there was $40,840 in vouchers written for emergency clothing and household items. In FY24, $19,815 in vouchers were written.

The quantitative nonfinancial amounts disclosed above, such as pounds distributed, number of clients served, etc., is unaudited.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation*
The financial statements have been prepared in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) to ensure the statements of financial position, and the related statements of activities, functional expenses, and cash flows are consistently reported. References to GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (ASC).

**2.** **Summary of Significant Accounting Policies**…continued

*Basis of Accounting*
The Organization's financial statements have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows.

*Use of Estimates*
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Financial Statement Presentation*
Financial statement presentation follows FASB ASC Topic No. 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Organization is required to report information regarding its net assets, revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Without Donor Restrictions*
Net assets without restrictions include amounts available for use in general operations and not subject to donor-imposed restrictions. The Organization's board may designate net assets without restrictions for specific operational purposes from time to time.

*With Donor Restrictions*
Net assets with restrictions include amounts resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. Some stipulations are temporary in nature that expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. If the stipulation is fulfilled in the same time period in which the contribution is received, the contribution is reported as having no restrictions in the year received. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents*
For the purposes of the statements of cash flows, the Organization considers all highly liquid financial instruments with original maturities of three months or less, when purchased, to be cash equivalents.

*Certificates of Deposit and Allowance for Credit Losses*
The Organization invests in certificates of deposit (CDs) that are not traded in the financial markets. Accordingly, the CDs are valued at the original cost, plus accrued interest, which approximates fair value. Interest income is included in investment income on the statements of activities. Certificates of deposit with original maturities of three months or less when purchased are included in cash and cash equivalents. At June 30, 2023, the Organization had one certificate of deposit with a fixed interest rate of 3.06% and a 7-month term that matured in July 2023. In July 2023, approximately $152,000 of the certificate of deposit was rolled into a money market account and the remainder was renewed as a certificate of deposit with a fixed interest rate of 4.17% and an 11-month term maturing in July 2024. Upon maturing in July 2024, the funds were invested in the Essex County Community Foundation Reserve Fund (ECCF). The Organization did not have investments in certificates of deposit at June 30, 2025.

**2. Summary of Significant Accounting Policies**…continued

*Certificates of Deposit and Allowance for Credit Losses*…continued
The Organization evaluates the expected credit losses over the life of its certificates of deposit. After assessing relevant factors such as the credit quality of the certificate, economic conditions, and the issuer's ability to meet financial obligations, the Organization has determined that there is a low likelihood of credit defaults of the certificate. Additionally, the certificate of deposit is held at a financial institution insured by the Federal Deposit Insurance Corporation (FDIC). As a result, the Organization has concluded that the expected credit losses are immaterial to the financial statements. Therefore, no reserve for credit losses has been recognized in relation to the certificate of deposit at June 30, 2025.

*Grants and Contributions Receivable*
Grants and contributions receivable are stated at unpaid balances, net of an allowance for doubtful accounts. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution in accordance with donor-imposed stipulations, if any, on the contribution. On a periodic basis, the Organization evaluates its grants and contributions receivable and establishes an allowance based on an assessment of the history of collections and current economic conditions. Receivables are considered past due if full payments are not received in accordance with contractual terms. Grants and contributions receivable are charged to the allowance for bad debt when management determines the receivable is uncollectible. At June 30, 2025 and 2024, the Organization had determined grants and contributions receivable to be fully collectible. Accordingly, no allowance for doubtful accounts was required. The Organization does not charge interest on outstanding receivables.

*Inventory – Thrift Shop*
Inventory consists of donated goods, primarily clothing, furniture, and other household goods, ready for sale in the Organization's thrift shop and is valued at its estimated fair value. The methodology for determining fair value follows the retail method of accounting for inventory whereby ending inventory represents the present value of future cash flows, or the future selling price, reduced to a cost basis using the average margin on sales of goods. Prior to reaching the point of salability, donated inventory is valued at zero. Contributions of donated merchandise were valued at $568,524 and $642,969 for the years ended June 30, 2025 and 2024, respectively.

*Property and Equipment*
Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives ranging between 3 and 40 years. The Organization's policy is to capitalize expenditures for property and equipment purchased in excess of $2,000 for FY25 and $1,200 for FY24 with an estimated useful life of greater than one year. Expenditures for repairs and maintenance are charged to expense as incurred, while expenditures which significantly increase values or extend useful lives are capitalized. Upon the disposition of property and equipment, the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss thereon is reflected in the statements of activities.

**2. Summary of Significant Accounting Policies**…continued

*Investments – Beneficial Interest in Assets Held by Community Foundation*
The Organization records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at fair values in the statements of financial position. Investment income or loss, which consists of interest and dividend income, realized gains and losses, and unrealized gains and losses on those investments, less external and direct internal investment expenses is included in revenue and support in the statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

*Fair Value Measurements*
The Organization discloses the fair value of investments (see Note 7) in accordance with FASB ASC Topic No. 820, *Fair Value Measurements* (ASC 820). The framework under ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value unless the net asset value (NAV) is used as the method of valuation. NAV is considered a practical expedient for the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level (but for those measured using NAV) within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**2. Summary of Significant Accounting Policies**…continued

*Valuation Techniques*
Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

*Investments in Essex County Community Foundation Reserve Fund*
The Organization has funds managed with Essex County Community Foundation Reserve Fund (ECCF) in an Environment, Social and Governance pool. ECCF invests in diversified assets including fixed income, equity securities, and money market fund investments. The fund is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

The fair value of the Organization's interest held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

*Leases*
The Organization accounts for leases under FASB ASC Topic No. 842, *Leases* (ASC 842), which establishes a right-of-use model for lessee accounting, resulting in the recognition of most leased assets and lease liabilities on the statement of financial position of the lessee. The Organization assesses whether an agreement contains a lease at inception. All leases are reviewed for finance or operating classification once control is obtained. Leases with an initial term of 12 months or less are not recorded on the statement of financial position.

The Organization's storage lease is an operating lease. Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease ROU asset also includes any lease payments made in advance and is reduced by lease incentives received. As most leases do not provide an implicit rate, the Organization uses the risk-free US Treasury Rate to determine the implicit rate in determining the present value of lease payments. Through the election of the practical expedient to not separate lease and non-lease components for all leases, the Organization did not separate lease components within each applicable lease. Lease terms include options to extend the lease when it is reasonably certain that the Organization will exercise that option. The Organization assumes options are reasonably certain to be exercised based on management's judgement. Lease expense for lease payments is recognized on a straight-line basis over the lease term unless the related ROU asset has been adjusted for any impairment charge. The equipment leases are not material to the financial statements taken as a whole, thus accounted for as short-term lease costs (see Note 8).

*Compensated Absences*
The Organization accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated. The Organization's policy related to compensated absences vary by jurisdiction, and obligations are recorded net of estimated forfeiture due to turnover when reasonably predictable.

**2**. **Summary of Significant Accounting Policies**…continued

*Revenue Recognition*
Thrift Shop Sales
The Organization applies the provisions of FASB ASC Topic No. 606-10, *Revenue from Contracts with Customers*, and all related appropriate guidance. The Organization recognizes revenue under the core principle of this guidance to depict the transfer of promised goods or services to the Organization's customers in an amount reflecting the consideration the Organization expects to be entitled in exchange for those products. In order to achieve this principal, revenues are recognized based upon a five-step model, which involves: (1) identifying contracts with customers, (2) identifying performance obligations within those contracts, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations, and (5) recognizing revenue upon satisfaction of those performance obligations (see Note 13).

Grants and Contributions
Contributions, including unconditional promises to give, are recognized as revenue in the period received, pledged, or notification of a beneficial interest is received. Conditional promises to give, which are 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. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of property and equipment and other long-lived assets are also reported as revenue and net assets without donor restrictions, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions result in reclassification of net assets with donor restrictions as net assets without donor restrictions when the long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions depending upon the condition(s) stipulated by the donor. 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 are reported in the statements of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the contribution is reported as without donor restriction in the year received.

**2**. **Summary of Significant Accounting Policies**…continued

*Revenue Recognition*…continued
In-Kind Contributions
In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used (see Note 14).

The Organization recognizes the estimated fair value of contributed services if such services meet the following criteria:

- The services received either create or enhance nonfinancial assets, or
- The services received require specialized skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not contributed.

Many individuals volunteered their time and performed a variety of tasks to assist the Organization in carrying out its mission during the years ended June 30, 2025 and 2024. These services do not meet the recognition criteria for contributed services. Accordingly, a value for these services has not been reflected in the accompanying financial statements.

*Advertising Costs*
Advertising costs are expensed as incurred.

*Functional Allocation of Expenses*
The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain indirect costs have been allocated to programs and supporting services benefited based upon management's estimate of the percentage attributable to each function.

| Expense | Method of Allocation |
|---|---|
| Salaries and wages | Time and effort |
| Other personnel costs | Time and effort |
| Fringe benefits | Time and effort |
| Occupancy costs | Square footage/Usage |
| Lease expense | Square footage/Usage |
| Equipment rental | Square footage/Usage |

*Income Taxes*
The Organization is a nonprofit organization, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and as a public charity according to Section 509(a)(2) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been recorded in the accompanying financial statements.

The Organization accounts for the uncertainty in income taxes in accordance with FASB ASC Topic No. 740, *Income Taxes* (ASC 740), which prescribes a recognition threshold of more likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements.

When necessary, the Organization accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes. The Organization does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next 12 months.

## 3. Liquidity and Availability

Financial assets available for general expenditures within one year of the statements of financial position date at June 30, consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 398,000 | $ 263,742 |
| Grants and contributions receivable | 63,001 | 255,447 |
| | 461,001 | 519,189 |
| Less: net assets with donor restrictions | (86,140) | (25,000) |
| Financial assets available for general expenditures within one year | $ 374,861 | $ 494,189 |

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Organization does not intend to spend from its board designated net assets, amounts from the board designated net assets could be made available, if necessary and total $782,859 and $661,650 at June 30, 2025 and 2024 respectively, and consist of cash and cash equivalents, certificates of deposit, and beneficial interest in assets held by community foundation. The Organization has a line of credit in the amount of $400,000, which it could draw upon in the event of an unanticipated liquidity need (see Note 9).

## 4. Grants and Contributions Receivable

At June 30, grants and contributions receivable are expected to be realized in the following periods:

| | 2025 | 2024 |
|---|---|---|
| In one year or less | $ 63,001 | $ 255,447 |
| Between one year and five years | 30,000 | - |
| Total grants and contributions receivables | $ 93,001 | $ 255,447 |

Management has reviewed the timing and nature of these contributions and determined that discounting the receivables to present value would not have a material impact on the financial statements. Accordingly, the contributions are reported at the gross amounts expected to be collected.

## 5. Conditional Promises to Give

During the year ended June 30, 2022, the Organization received a grant which included conditional promises to give of $50,000 annually for the next nine years, or $450,000 total additional funding. Since this grant represents a conditional promise to give, the potential grant proceeds in future years are not recorded in contribution revenue and contribution receivables until the conditions are met. During the year ended June 30, 2025, the fourth annual $50,000 installment was received and recognized as revenue and support on the accompanying statements of activities, leaving $300,000 of conditional promises to give at June 30, 2025.

During the year ended June 30, 2023, the Organization received a cost reimbursement grant of $111,892 from a federal agency. Since this grant represents a conditional promise to give, the potential grant proceeds in future years are not recorded in contribution revenue and contribution receivables until the conditions are met. During the year ended June 30, 2023, $89,833 was recognized as revenue and support on the accompanying statements of activities and included in grants and contributions receivable on the accompanying statements of position at June 30, 2023. During the year ended June 30, 2024, the Organization recognized the remaining $22,059 as revenue and support on the accompanying statements of activities. All grant funds were received during the year ended June 30, 2024. There were no remaining funds available at June 30, 2024.

During the year ended June 30, 2024, the Organization received a cost reimbursable grant of $236,305 from a federal agency. Since the grant represents a conditional promise to give, the potential grant proceeds in future years are not recorded in contribution revenue and contribution receivables until the conditions are met. At June 30, 2024, $236,305 has been recognized as revenue and support on the accompanying statements of activities. There were no remaining funds available at June 30, 2024.

## 6. Property and Equipment

Property and equipment at June 30, 2025 and 2024 are comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Building and improvements | $ 3,523,792 | $ 3,523,792 |
| Office and program equipment | 603,412 | 567,194 |
| Land | 275,000 | 275,000 |
| Motor vehicles | 210,887 | 210,887 |
| Software | 89,615 | 78,905 |
| Leasehold improvements | 2,346 | 2,346 |
| Total | 4,705,052 | 4,658,124 |
| Less: accumulated depreciation | (1,398,051) | (1,206,667) |
| Property and equipment, net | $ 3,307,001 | $ 3,451,457 |

## 7. Investments – Beneficial Interest in Assets Held by Community Foundation

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value at June 30, 2025:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments measured at fair value | $ - | $ - | $262,757 | $ 262,757 |
| Total investments at fair value | | | | $ 262,757 |

## 7. Investments – Beneficial Interest in Assets Held by Community Foundation…continued

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value at June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Investments measured at fair value | $ - | $ - | $247,986 | $ 247,986 |
| Total investments at fair value | | | | $ 247,986 |

The following table summarizes the changes in the carrying value associated with Level 3 financial instruments during the years ended June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Balance at beginning of year | $ 247,986 | $ 229,761 |
| Investment return, net | 16,681 | 19,989 |
| Investment fees | (1,910) | (1,764) |
| Balance at end of year | $ 262,757 | $ 247,986 |

Investment income for the year ended June 30, 2025, consisted of realized and unrealized net gains on investments of $14,771 and interest income of $22,748. Investment income for the year ended June 30, 2024, consisted of realized and unrealized net gains on investments of $18,225 and interest income of $15,904.

The Organization has adopted a conservation of principal approach with a primary investment objective of fixed income investments to generate current income and a secondary investment objective of conservative growth.

The Organization has determined that a preservation of capital objective is most appropriate. This objective is designed to preserve the real value of its assets and to maintain spending in real terms. The Board cannot pay out more, on average over time, than the average real return it earns from its investment portfolio. While there is no specific spending policy in place, the Board understands they would like to achieve the return and risk characteristics consistent with the following allocation:

| | |
|---|---|
| Cash and money market funds | 80 - 100% |
| Equity securities | 0 - 5% |
| Fixed income securities | 0 - 20% |

## 8. Leases

*Storage Lease*
On May 30, 2024, the Organization entered into a cancelable operating lease for storage space in Beverly, Massachusetts. The lease is a five-year lease terminating in May 2029. Monthly payments under this lease range from $2,443 to $2,843. The lease includes the option to extend the lease if mutually agreed upon by both parties, and these options to extend were not included in the calculation of ROU asset and liability.

**8. Leases**…continued

The Organization is required to pay its share of certain property related expenses. The Organization is not subject to residual value guarantees under the lease agreement, and the lease does not contain financial covenants.

During the years ended June 30, 2025 and 2024, lease expense consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Operating lease cost | $ 32,078 | $ 2,674 |
| Variable lease costs | - | - |
| Total lease costs | $ 32,078 | $ 2,674 |

Supplemental statements of financial position information for leases at June 30, 2025 and 2024 are as follows:

| | | |
|---|---|---|
| ROU assets | $ 143,425 | $ 143,425 |
| Reduction in carrying amount of ROU assets | (28,554) | (2,154) |
| | $ 114,871 | $ 141,271 |
| Weighted average remaining term (in years) | 3.92 | 4.92 |
| Weighted average discount rate | 4.42% | 4.42% |

Maturities of lease liabilities at June 30th are as follows:

| | | |
|---|---|---|
| 2026 | $ 30,333 | |
| 2027 | 31,536 | |
| 2028 | 32,818 | |
| 2029 | 34,116 | |
| Total lease payments | 128,803 | $ 157,969 |
| Less amounts representing interest | (10,770) | (16,447) |
| Total discounted lease liabilities | 118,033 | 141,522 |
| Less current portion | (25,743) | (23,489) |
| Long-term portion of lease liabilities | $ 92,290 | $ 118,033 |

*Equipment Leases*

The Organization has equipment leases for various office equipment, which expire at various times through fiscal year 2028. For the years ended June 30, 2025 and 2024, total rental expense/short-term lease costs under these lease agreements amounted to $56,390 and $49,710, respectively. Total future payments have been deemed immaterial to the financial statements; accordingly, no right-of-use asset or lease liability has been recognized for these equipment leases.

Future minimum rental commitments due on these leases for the years ended June 30th are as follows:

| | |
|---|---|
| 2026 | $ 6,546 |
| 2027 | 6,333 |
| 2028 | 2,060 |
| | $ 14,939 |

## 9. Line of Credit

The Organization has a line of credit of $400,000 with a local bank. There was no outstanding balance at June 30, 2025 and 2024. The line of credit carries interest at the higher of the prime rate or 4.25%. The rate was 7.5% at June 30, 2025. This line of credit is secured by a second mortgage on the Organization's operating facility and is cross collateralized with the mortgage payable.

## 10. Long-Term Debt

Long-term debt at June 30, 2025, and 2024 consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| *Note Payable - SBA* | | |
| Note payable to the U.S. Small Business Association (SBA) originated July 2020 under the Economic Injury Disaster Loans (EIDL) program for $150,000. The note carries interest at 2.75% fixed for the thirty-year term of the loan. No payments were required for the first year of the loan. The loan requires monthly payments of $641. The note is secured by certain property of the Organization including inventory and equipment. | $ 150,000 | $ 150,000 |
| Less: current portion | (3,003) | - |
| Note payable - SBA, net of current portion | 146,997 | 150,000 |
| *Mortgage Payable* | | |
| Mortgage payable originated November 2017 in the amount of $965,000 with a ten-year term, which may be extended in automatic ten-year increments so long as certain conditions are met, using a 30 year amortization. The mortgage carries interest at 4.125% fixed for ten years and adjusts on the tenth anniversary and each ten-year anniversary to the FHLBB Ten Year Classic Advance rate plus 2.5%; but not less than 4.125%. After a mortgage loan modification dated June 24, 2021, the monthly principal and interest payments are $2,133. The mortgage is classified as long-term debt based on the expected 2047 maturity. The mortgage is secured by the Organization's operating facility and is cross-collateralized with the line of credit. Additional collateral for this mortgage is the assignment of leases and rents of the property. The mortgage contains various financial and non-financial covenants. | 371,641 | 380,695 |
| Less: unamortized debt issuance costs | (3,841) | (5,424) |
| Mortgage payable, net of unamortized issuance costs | 367,800 | 375,271 |
| Less: current portion | (10,083) | (9,666) |
| Mortgage payable, net of current portion | 357,717 | 365,605 |
| Long-term debt, net of current portion and unamortized debt issuance costs | $ 504,714 | $ 515,605 |

**10. Long-Term Debt**…continued

The aggregate maturities of long-term debt, excluding unamortized debt issuance costs, for the years ending June 30th are as follows:

| | | |
|---|---|---|
| 2026 | $ | 13,086 |
| 2027 | | 14,213 |
| 2028 | | 14,769 |
| 2029 | | 15,348 |
| 2030 | | 15,949 |
| Thereafter | | 448,276 |
| | $ | 521,641 |

**11. Net Assets with Donor Restrictions**

Net assets with donor restrictions at June 30, 2025 and 2024 are restricted for the purposes or timing as follows:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specified purpose: | | |
| Food - Food Pantry | $ 35,000 | $ - |
| Case Management | 25,000 | - |
| Adult Ed: Career and College | 16,850 | 25,000 |
| Capital - IT Infrastructure | 9,290 | - |
| | 86,140 | 25,000 |
| Subject to the passage of time: | | |
| Promises to give that are not restricted by donors, but which are unavailable for expenditure until due | 85,000 | 25,000 |
| Total net assets with donor restrictions | $ 171,140 | $ 50,000 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Satisfaction of purpose restrictions: | | |
| Adult Ed: Career and College | $ 8,150 | $ - |
| Case management | - | 30,000 |
| Food-Mobile Market | - | 30,000 |
| Food assistance | - | 20,000 |
| Taxes-ESOL | - | 5,000 |
| Food | - | 5,000 |
| | 8,150 | 90,000 |
| Expiration of time restrictions | 25,000 | 15,000 |
| | $ 33,150 | $ 105,000 |

## 12. Board Designated Net Assets

As a component of its net assets without donor restrictions, the Organization has Board-designated reserve funds whose use is limited to funding initiatives, managing cash flow interruptions, minimizing the need to borrow funds, meeting commitments, and functioning as an internal line of credit. The Board has established a target amount of maintaining twenty-five (25%) percent to fifty (50%) percent of the Organization's annual budgeted operating expenses, or about three (3) to six (6) months of expenses on average.

The Board of Directors designated a $400,000 Operating Reserve Fund (the "Fund") by vote. The general purpose of the Fund is to help to ensure the Organization's long-term financial stability and position it to respond to varying economic conditions and changes affecting its financial position. In addition, the Board had designated $40,000 for a capital replacement reserve. During FY20, the board designated $400,000 to be used for expenses incurred in serving the community in response to the pandemic.

Subject to the approval of a majority of the finance committee, the Executive Director may access up to $50,000 from the Fund as a revolving line of credit, provided that, in the determination of the Finance Committee, sufficient accounts or grants receivable are reasonably certain to be available to repay such usage within ninety (90) calendar days. Any funds borrowed from the Fund greater than $50,000 or for longer than ninety (90) calendar days must first be approved by a three-fourths (3/4) majority of the Board and must be paid back through a prescribed repayment schedule. Approval of any such usage and the proposed repayment schedule shall be requested by the Executive Director from the finance committee for review, deliberation, and recommendation to the board for further deliberation and vote.

Fund activity for the years ended June 30, 2025 and 2024 are as follows:

| | Operating Reserve | Capital Reserve | COVID Reserve | Total Board Designated |
|---|---|---|---|---|
| Reserve balances, June 30, 2023 | $ 318,345 | $ 36,733 | $ 327,157 | $ 682,235 |
| Board (appropriation)/designation | - | - | (54,714) | (54,714) |
| Investment return | 16,041 | 1,706 | 16,382 | 34,129 |
| Reserve balances, June 30, 2024 | 334,386 | 38,439 | 288,825 | 661,650 |
| Capital campaign contribution | 100,000 | - | - | 100,000 |
| Investment return | 34,606 | - | - | 34,606 |
| Board appropriation/(designation) | (13,397) | - | - | (13,397) |
| Reserve reallocation | 327,264 | (38,439) | (288,825) | - |
| Reserve balances, June 30, 2025 | $ 782,859 | $ - | $ - | $ 782,859 |

## 13. Revenue from Contracts with Customers

The Organization's revenue from contracts with customers consisted of the sale of goods in the Organization's thrift shop, which are recognized at a point in time. Revenue from contracts with customers totaled $942,609 and $982,313 for the years ended June 30, 2025 and 2024, respectively. There were no outstanding receivables, contract assets, or contract liabilities at July 1, 2023, June 30, 2024, or June 30, 2025.

*Description of the Organization's Performance Obligations with Customers*
The Organization typically satisfies performance obligations at the point in time in which the control of products is transferred. Payments are typically due at the point of sale.

## 14. Contributions, In-Kind

Donated food and other goods for the years ended June 30, 2025 and 2024 included in contributions, in-kind on the accompanying statements of activities were as follows:

| | 2025 | 2024 |
|---|---|---|
| Food and other supplies | $ 1,565,434 | $ 1,479,461 |
| Clothing, furniture and other household goods | 568,524 | 642,969 |
| Donated event costs | 27,112 | 16,626 |
| | $ 2,161,070 | $ 2,139,056 |

Food and other supplies
Contributions of food to the Organization's food assistance program are recorded as contributions and as program expenses at the estimated fair value based upon weight. Food donations were valued between $1.97 and $1.93 per pound for the years ended June 30, 2025 and 2024, as determined by the Feeding America National Network of Food Banks. Other in-kind donations consist of various supplies, gift cards, property and equipment, and other program related items. Other in-kind contributions are valued at their estimated fair value and recorded as in-kind contributions and program expense. Fair value is estimated is based upon replacement cost of the donated goods based upon information from third party vendors.

Clothing, furniture, and other household goods
Contributions of clothing, furniture, and other household goods to the Organization's thrift shop are recorded at estimated fair value upon when such goods are made available for sale. Prior to reaching the point of salability, the goods are valued at zero. Estimated fair value is determined using the retail method of accounting which estimates fair value using the present value of expected future cash flows, or the future selling price, reduced to a cost basis using the average margin on sales of goods.

Donated event costs
Contributions of equipment and other costs related to the Organization's events are recorded as contributions and as special events expenses at the estimated fair value based upon information from the vendor.

## 15. Employee Benefit Plan

The Organization has a defined contribution salary deferral plan, which covers substantially all employees. Under the plan, the Organization matches each eligible employee's elective deferrals up to 5% of compensation. Employer contributions to the plan for the years ended June 30, 2025 and 2024 were $37,946 and $33,265, respectively.

## 16. Concentration of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents, and grants and contributions receivable.

The Organization maintains their cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

## 16. Concentration of Credit Risk…continued

Grants and contributions receivable consisted of balances due from four and two funding sources represented 91% and 62% of the total balance outstanding at June 30, 2025 and 2024, respectively.

## 17. Commitments and Contingencies

*PEO Agreement*
The Organization has an agreement with a professional employer organization ("PEO") to co-employ the Organization's work-site employees. Under the terms of this agreement, the PEO provides payroll and tax processing services, administers claims for unemployment, offers and administers group insurance benefits and workers compensation insurance, provides human resources services and guidance, and provides a limited legal defense benefit for employment-related claims. Other personnel costs in the statement of functional expenses include payroll taxes, workers compensation insurance and service fees in connection with this agreement. The agreement renews annually for a one-year term.

*Solar Array*
In December 2020, the Organization entered into an arrangement whereby a portion of its operating facility’s roof is used for the operation of solar photovoltaic equipment (“solar array”) for a term of fifteen years. The Organization has also entered into an agreement to purchase all electricity generated by the solar array for the duration of the term. The Company intends to donate the solar array to the Organization after achieving a certain rate of return from the array.

## 18. Subsequent Events

The Organization has evaluated subsequent events for potential disclosure or recognition through January 6, 2026, the date the financial statements were available to be issued.