Bloom Early Learning

Financial Statements
and Independent Auditor's Report

December 31, 2025 and 2024

CohnReznick

Bloom Early Learning

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Independent Auditor's Report

To Management
Bloom Early Learning

Opinion

We have audited the financial statements of Bloom Early Learning, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Bloom Early Learning as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bloom Early Learning and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Bloom Early Learning for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on May 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Bloom Early Learning's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Bloom Early Learning'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 Bloom Early Learning'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.

CohnReznick LLP

Minneapolis, Minnesota
July 21, 2026

Bloom Early Learning

Statements of Financial Position
December 31, 2025 and 2024

Assets

	2025	2024
Current assets		
Cash and cash equivalents	$ 311,679	$ 346,976
Investments	297,894	479,773
Accounts receivable, net	107,005	54,629
Prepaid expenses	13,294	15,934
Total current assets	729,872	897,312
Property and equipment		
Buildings and improvements	330,131	330,131
Program equipment	158,302	82,314
Total	488,433	412,445
Less: Accumulated depreciation	236,909	222,958
Property and equipment, net	251,524	189,487
Other assets		
Endowment investments	135,735	114,159
Total assets	$ 1,117,131	$ 1,200,958

Bloom Early Learning

Statements of Financial Position
December 31, 2025 and 2024

Liabilities and Net Assets

	2025	2024
Current liabilities		
Accounts payable	$ 20,371	$ 10,025
Accrued payroll and taxes	99,353	88,579
Deferred revenue	67,428	69,693
Total current liabilities	187,152	168,297
Net assets		
Without donor restrictions	746,052	871,950
With donor restrictions	183,927	160,711
Total net assets	929,979	1,032,661
Total liabilities and net assets	$ 1,117,131	$ 1,200,958

See Notes to Financial Statements.

Bloom Early Learning

Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2025
With Comparative Totals for the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals 2025	Totals 2024
Support and revenues				
Tuition	$ 1,866,690	$ -	$ 1,866,690	$ 1,781,268
Contributions	702,220	58,841	761,061	656,540
Government grants	313,704	-	313,704	297,539
In-kind contributions	64,768	-	64,768	40,968
Fundraising ticket sales	60,272	-	60,272	36,330
Food program	49,747	-	49,747	49,718
Investment income	41,421	-	41,421	40,793
Registration fees and other income	540	-	540	592
Net assets released from restrictions	35,625	(35,625)	-	-
Total support and revenues	3,134,987	23,216	3,158,203	2,903,748
Functional expenses				
Program services	2,836,422	-	2,836,422	2,537,696
General and administrative	173,645	-	173,645	180,749
Fundraising	250,818	-	250,818	196,550
Total functional expenses	3,260,885	-	3,260,885	2,914,995
Increase (decrease) in net assets	(125,898)	23,216	(102,682)	(11,247)
Net assets, beginning	871,950	160,711	1,032,661	1,043,908
Net assets, end	$ 746,052	$ 183,927	$ 929,979	$ 1,032,661

See Notes to Financial Statements.

Bloom Early Learning

Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services	General and Administrative	Fundraising	Totals
Salaries and wages	$ 1,673,212	$ 65,413	$ 138,720	$ 1,877,345
Scholarship	398,654	-	-	398,654
Employee benefits	319,601	6,832	17,417	343,850
Payroll taxes	130,166	5,359	10,703	146,228
Program expenses	109,704	-	5,396	115,100
Office and administrative expenses	73,419	27,674	6,875	107,968
Rent	88,765	2,196	340	91,301
Professional fees	2,900	62,346	5,750	70,996
Fundraising expenses	-	-	64,990	64,990
Depreciation	25,350	-	-	25,350
Insurance	14,651	3,825	627	19,103
Total functional expenses	$ 2,836,422	$ 173,645	$ 250,818	$ 3,260,885

See Notes to Financial Statements.

Bloom Early Learning

Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Totals
Salaries and wages	$ 1,372,318	$ 76,263	$ 116,853	$ 1,565,434
Scholarship	453,423	-	-	453,423
Employee benefits	283,757	5,555	13,808	303,120
Payroll taxes	107,302	5,519	8,912	121,733
Program expenses	146,455	-	3,989	150,444
Office and administrative expenses	40,510	27,686	6,887	75,083
Rent	93,342	2,888	120	96,350
Professional fees	-	61,215	-	61,215
Fundraising expenses	335	-	45,475	45,810
Depreciation	26,992	-	-	26,992
Insurance	13,262	1,623	506	15,391
Total functional expenses	$ 2,537,696	$ 180,749	$ 196,550	$ 2,914,995

See Notes to Financial Statements.

Bloom Early Learning

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Decrease in net assets	$ (102,682)	$ (11,247)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Net investment return retained in investments	(36,260)	(29,928)
Depreciation	25,350	26,992
Contribution of stock	(128,087)	(113,672)
Loss on disposal of property and equipment	852	-
(Increase) decrease in		
Accounts receivables	(52,376)	(11,809)
Prepaid expenses	2,640	(8,810)
Increase (decrease) in		
Accounts payable	10,346	(16,176)
Accrued payroll and taxes	10,774	18,682
Deferred revenue	(2,265)	(6,377)
Net cash used in operating activities	(271,708)	(152,345)
Cash flows from investing activities		
Proceeds from sale of investments	368,000	30,000
Purchase of investments	(43,350)	(90,000)
Purchases of property and equipment	(88,239)	(44,025)
Net cash provided by (used in) investing activities	236,411	(104,025)
Net decrease in cash and cash equivalents	(35,297)	(256,370)
Cash and cash equivalents, beginning	346,976	603,346
Cash and cash equivalents, end	$ 311,679	$ 346,976

See Notes to Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

Bloom Early Learning (the "Organization") passionately strives to break the cycle of poverty at the start through nurturing care and an exceptional early learning program. The Organization prepares young children for success in school and enables their parents to pursue educational and employment opportunities. The Organization is located at two sites in Plymouth, Minnesota. Programs are designed to provide age-appropriate activities that emphasize individual development for children from 6-weeks to 5 years of age. The Organization began serving the community on July 1, 2000.

Basis of presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor imposed restrictions as either:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Basis of accounting and support and revenue recognition

The Organization maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP").

For contracts that are within the scope of FASB ASC 606, *Revenue from Contracts with Customers*, the Organization performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

Revenue is measured based on consideration specified with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a service to a customer. Performance obligations related to tuition and food program revenues are completed as benefits are consumed and transferred to customers. For performance obligations related to the Organization's events, control transfers to the customer and revenue is recognized at a point in time when the event occurs.

The Organization does not have any significant financing components as payments are received at or shortly after the services are provided.

Cash and cash equivalents

The Organization classifies all investments with an original maturity of three months or less as cash equivalents.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Accounts receivable and allowance for credit losses
Accounts receivable are carried at their outstanding principal amounts, less an allowance for credit losses. All accounts receivable are expected to be collected within one year of the statement of financial position date.

The Organization maintains an allowance for credit losses on its accounts receivable, which represents an estimate of expected losses over the remaining contractual life of its receivables. The allowance for credit losses under the current expected credit loss ("CECL") methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of accounts receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where accounts receivable do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer. Past due amounts are charged off to the allowance for credit losses when reasonable collection efforts have been exhausted and the amounts are deemed uncollectible. Adjustments to the allowance are recorded as "credit loss expense" in general and administrative expenses, on the statements of activities and changes in net assets.

Property and equipment
Property and equipment are stated at cost or fair value on the date of donation if contributed and are being depreciated on the straight-line method over the estimated useful lives of the assets ranging from three to fifteen years. The Organization's policy is to capitalize and depreciate property and equipment purchased or obtained which has a cost in excess of $3,000 and an estimated useful life of at least one year.

Leases
When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluation contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Contributions
Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

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 statement of activities as net assets released from restrictions.

Donated materials and services
Donated materials are recorded as contributions at the estimated fair value on the date received. The value of the contribution of materials is recognized as both revenue and an expense to the Organization. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchases if not contributed.

Income taxes
The Organization is a Minnesota nonprofit corporation and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

The Organization's federal informational returns are subject to examination by the IRS, generally for three years after they were filed.

Concentrations of credit risk
The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and receivables. The Organization keeps its cash with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. The Organization has no cash balances in excess of the federally insured limit as of December 31, 2025 and 2024.

The Organization's investments are maintained in mutual funds, fixed income funds, and exchange traded funds and are therefore subject to the inherent risk of investing in equity-based and debt-based securities and general market risk.

Management routinely assesses the financial strength of its customers and as a consequence, believes that receivables credit risk exposure is limited.

Functional allocation of expenses
The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent which is allocated on a square footage basis, human resource costs which are allocated on the basis of time and effort, and administrative type costs which are allocated on the basis of actual use.

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Subsequent events
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 21, 2026, the date the financial statements were available to be issued.

Prior-year summarized comparative information
The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Note 2 - Liquidity and availability

The following reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual, donor-imposed or board-imposed restrictions:

	2025	2024
Cash and cash equivalents	$ 311,679	$ 346,976
Investments	297,894	479,773
Endowment investments	135,735	114,159
Accounts receivable, net	107,005	54,629
Financial assets, end of year	852,313	995,537
Less those unavailable for general expenditure within one year due to		
Restriction due to time - held in perpetuity	100,271	100,171
Restricted by donor for purpose	83,656	60,540
Financial assets available to meet cash needs for general expenditures within one year	$ 668,386	$ 834,826

Financial assets are considered available for general expenditure if there are no restrictions limiting their use, or if the restriction will be achieved through general operations of the Organization within one year of the statement of financial position date.

As part of the Organization's liquidity management plan, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. The board of directors may from time to

time direct that certain funds or specific sources of revenue be set aside for reserves. The Organization's board designated funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of typical operations.

Note 3 - Investments

Investments, carried at fair value as determined on an open market, as of December 31, 2025 and 2024, consisted of the following:

	2025		2024	
	Cost	Market	Cost	Market
Money market funds	$ 234,840	$ 234,840	$ 416,367	$ 416,367
Exchange traded funds	68,504	101,692	65,922	85,708
Certificate of deposit	66,661	66,661	63,540	63,540
Fixed income	29,924	30,436	28,327	28,317
Total investments	$ 399,929	$ 433,629	$ 574,156	$ 593,932

Note 4 - Fair value measurements

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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: Observable market-based inputs or unobservable inputs that are corroborated by market data. 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; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to

maximize the use of observable inputs and minimize the use of unobservable inputs.

The 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 December 31, 2025 and 2024.

Money market funds: Money market funds are reported at the fair value based on the quoted market price of the accounts or the accounts or similar assets by the Organization's brokerage firm.

Exchange traded funds: Exchange traded funds are reported at the fair value based on the quoted market price of the fund, as reported by the Organization's brokerage firm.

Fixed Income: Fixed income funds are reported at the fair value based on the quoted market price of the fund, as reported by the Organization's brokerage firm.

Certificate of deposit: Certificates of deposit are reported at fair value based on the quoted market price of the certificates or similar assets, by the Organization's financial institution.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables reflect the Organization's investments within the fair value hierarchy at December 31, 2025 and 2024:

	As of December 31, 2025			
		Fair Value Hierarchy Level		
	Assets Measured at Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 234,840	$ 234,840	$ -	$ -
Exchange traded funds	101,692	101,692	-	-
Certificate of deposit	66,661	-	66,661	-
Fixed income	30,436	30,436	-	-
Total	$ 433,629	$ 366,968	$ 66,661	$ -

	As of December 31, 2024			
		Fair Value Hierarchy Level		
	Assets Measured at Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 416,367	$ 416,367	$ -	$ -
Exchange traded funds	85,708	85,708	-	-
Certificate of deposit	63,540	-	63,540	
Fixed income	28,317	28,317	-	-
Total	$ 593,932	$ 530,392	$ 63,540	$ -

Note 5 - Accounts receivable

Accounts receivable as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Accounts receivable	$ 113,005	$ 60,629
Less: Allowance for credit losses	(6,000)	(6,000)
Accounts receivable, net	$ 107,005	$ 54,629

Note 6 - Net assets

Net assets with donor restrictions as of December 31, 2025 and 2024 consisted of the following:

	2025	2024
Restricted for purpose		
Staffing	$ 24,915	$ 60,540
Programmatic changes	58,741	-
Restricted for time		
Endowments, held in perpetuity	100,271	100,171
Total net assets with donor restrictions	$ 183,927	$ 160,711

Net assets in the amount of $35,625 were released from restriction through use of the funds for the donor-specific purpose for the year ended December 31, 2025. Net assets in the amount of $75,000 were released from restriction through use of the funds for the donor-specific purpose for the year ended December 31, 2024.

Note 7 - Retirement plan

The Organization sponsors a 401(k) plan for its employees. Employees are eligible to participate in the plan after 90 days of service. Each year, the Organization may contribute to the plan a discretionary matching and/or nonelective contribution. The Organization contributed a matching contribution of 100% of the participant's contribution up to the first 3% of a participant's compensation for each of the years ended December 31, 2025 and 2024. Employer contributions made by the Organization for the years ended December 31, 2025 and 2024 totaled $30,111 and $24,436, respectively.

Note 8 - Revenue and contract balances

Revenue, disaggregated by timing of satisfaction of performance obligations, for the years ended December 31, 2025 and 2024, was as follows:

	2025	2024
Performance obligations satisfied over time	$ 1,916,437	$ 1,830,986
Performance obligations satisfied at a point in time	60,812	36,922
Total	$ 1,977,249	$ 1,867,908

Revenue from performance obligations satisfied over time consist of tuition and food program revenues. Revenue from performance obligations satisfied at a point in time consist of the Organization's events, registration fees and other income.

Accounts receivable and contract liability balances, made up of funds paid in advance for childcare fees, were the following:

	Accounts Receivable	Contract Liability
Balance as of January 1, 2024	$ 48,820	$ 76,070
Balance as of December 31, 2024	$ 60,629	$ 69,693
Balance as of December 31, 2025	$ 113,005	$ 67,428

The Organization typically recognizes contract liabilities as revenue in the next fiscal year.

Note 9 - Endowment Fund

The Organization's endowment consists of money market funds, mutual funds, exchange traded funds, and fixed income. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization's Board of Directors has interpreted Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the

gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the donor requires the Organization to retain as a balance for perpetual duration (underwater endowments). There were no underwater endowments as of December 31, 2025 and 2024.

Investment and spending policies

Control over the investment or reinvestment of the amounts held in the endowment is exercised exclusively by the Organization, through the finance committee of the Board of Directors, in accordance with the requirement of UPMIFA. Stability of support to the Organization from the endowment and preservation of the purchasing power of the endowment's principal and income against inflammatory pressures are the primary investment objectives. The Organization may from time to time make charges to the endowment in amounts reasonably calculated to reimburse the Organization's other funds or accounts from direct and indirect costs incurred in the administration of the endowment.

Income from funds held in the endowment are available for use as approved by the Board of Directors, subject to the limitations, if any, expressed by a donor. The amount of income available for use by the Organization is determined by the Board of Directors based on the factors set forth in the UPMIFA, including the preservation of the endowment, general economic conditions, and the expected total return from interest and dividend income as well as appreciation of investments. The Board of Directors may periodically determine a specified percentage of the endowment's market value that will be available for spending. This percentage may be increased or decreased by the Board of Directors from time to time.

The composition of endowment net assets as of December 31, 2025 and 2024 was as follow:

As of December 31, 2025	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment funds without restrictions	$ 35,665	$ -	$ 35,665
Donor-restricted endowment funds	-	100,271	100,271
Totals	$ 35,665	$ 100,271	$ 135,936

As of December 31, 2024	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment funds without restrictions	$ 17,439	$ -	$ 17,439
Donor-restricted endowment funds	-	100,171	100,171
Totals	$ 17,439	$ 100,171	$ 117,610

The changes in endowment net assets for the year ended December 31, 2025 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets January 1, 2025	$ 17,439	$ 100,171	$ 117,610
Contributions	-	100	100
Net investment return	18,226	-	18,226
Endowment at December 31, 2025	$ 35,665	$ 100,271	$ 135,936

The changes in endowment net assets for the year ended December 31, 2024 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets January 1, 2024	$ 5,624	$ 96,720	$ 102,344
Contributions	-	3,451	3,451
Net investment return	11,815	-	11,815
Endowment at December 31, 2024	$ 17,439	$ 100,171	$ 117,610

Note 10 - Lease obligations

The Organization uses facility space from Messiah United Methodist Church (Site #1), without charge. The parties have agreed that the estimated fair market value of the space would be $2,000 per month.

The Organization's second site a few miles away at Plymouth Presbyterian Church (PPC, Site #2), has a lease term through February 2027, with free use of space (in-kind) and no required security deposit. However, the Organization is charged its percentage share of utility/usage type costs (as determined by PPC).

The Organization also uses several pieces of Site #1 and Site #2 office equipment (which the Organization does not own) throughout the year. The two lessors have set-up a system in which usage can be tracked by user. They will, from time-to-time, invoice the Organization for its use of the equipment, based on pre-established rates.

Total in-kind rent expense incurred by the Organization for each of the years ended December 31, 2025 and 2024 was $39,768.

Note 11 - In-kind contributions

The Organization's financial statements include the following in-kind contributions revenue and support and associated expense:

Rent - The Organization receives donated rent that would typically be paid directly if not provided as an in-kind contribution. The value is provided by the lease agreement, which is described in Note 10.

Professional services - The Organization occasionally receives donated professional services that would typically be paid directly if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value and expensed as services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on date, time and market in which the services are rendered.

The Organization did not monetize any contributed non-financial assets and contributed non-financial assets did not have donor restrictions during the years ended December 31, 2025 and 2024.

In-kind contributions included in the statements of activities for the years ended December 31, 2025 and 2024 consisted of the following:

	2025	2024
Program services		
Professional services	$ 25,000	$ -
Rent	39,168	39,168
Fundraising		
Professional services	-	1,200
Rent	120	120
General and administrative		
Rent	480	480
Total	$ 64,768	$ 40,968

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