GAINING GROUND, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2025

JOHNSON O'CONNOR

GAINING GROUND, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Gaining Ground, Inc.

Opinion

We have audited the accompanying financial statements of Gaining Ground, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gaining Ground, Inc. as of December 31, 2025 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gaining Ground, 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 Gaining Ground, 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 Gaining Ground, 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.

Other Information Included in the Organization’s Annual Report

Management is responsible for the other information included in the Organization’s annual report. The other information comprises management’s internal statement of financial position, but does not include the financial statements and our auditors’ report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Prior Period Financial Statements

The financial statements of Gaining Ground, Inc. as of December 31, 2024 were audited by other auditors whose report dated November 7, 2025 expressed an unmodified opinion on those statements.

Restatement of Prior Period Financial Statements

As disclosed in Note 12 to the financial statements, the prior period financial statements have been restated to correct an error. Our opinion is not modified with respect to this matter.

Johnson O’Connor Feron & Carucci LLP

Wakefield, Massachusetts
October 15, 2026

GAINING GROUND, INC.
STATEMENT OF FINANCIAL POSITION

	December 31, 2025
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 377,079
Investments	1,890,735
Contributions and grants receivable	243,274
Prepaid expenses and other current assets	15,490
Total current assets	2,526,578
PROPERTY AND EQUIPMENT, NET	749,734
OTHER ASSETS	
Right of use asset	34,946
Total other assets	34,946
Total assets	$ 3,311,258
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current portion of operating lease liability	$ 14,999
Accounts payable and accrued expenses	62,758
Total current liabilities	77,757
OTHER LIABILITIES	
Operating lease liability, less current portion	20,386
Total other liabilities	20,386
NET ASSETS	
Net assets without donor restrictions	2,884,151
Net assets with donor restrictions	328,964
Total net assets	3,213,115
Total liabilities and net assets	$ 3,311,258

See notes to financial statements.

GAINING GROUND, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2025 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	$ 1,507,579	$ 40,000	$ 1,547,579
Investment income	52,210	18,650	70,860
Merchandise sales	205	-	205
Net assets released from restrictions	256,986	(256,986)	-
Total revenues	1,816,980	(198,336)	1,618,644
EXPENSES			
Program services	894,420	-	894,420
Management and general	199,032	-	199,032
Fundraising	131,842	-	131,842
Total expenses	1,225,294	-	1,225,294
Change in net assets	591,686	(198,336)	393,350
NET ASSETS - BEGINNING OF YEAR (AS ORIGINALLY REPORTED)	2,292,465	716,887	3,009,352
Restatement	-	(189,587)	(189,587)
NET ASSETS - BEGINNING OF YEAR (AS RESTATED)	2,292,465	527,300	2,819,765
NET ASSETS - END OF YEAR	$ 2,884,151	$ 328,964	$ 3,213,115

See notes to financial statements.

GAINING GROUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2025			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 572,056	$ 50,475	$ 50,475	$ 673,006
Depreciation	54,768	39,659	-	94,427
Agriculture supplies	76,090	-	-	76,090
Professional fees	-	64,555	9,800	74,355
Payroll taxes	49,265	6,158	6,158	61,581
Employee benefits	42,132	5,266	5,266	52,664
Printing and reproduction	11,070	923	34,133	46,126
Utilities	26,647	2,048	-	28,695
Meals and entertainment	278	1,808	18,020	20,106
Insurance	17,010	992	-	18,002
Occupancy	11,338	4,250	-	15,588
Food distribution	12,391	-	-	12,391
Repairs and maintenance	10,698	1,080	-	11,778
Information technology	-	2,480	6,173	8,653
Training and education	2,342	5,019	-	7,361
Office supplies	443	4,356	1,784	6,583
Vehicle	6,443	-	-	6,443
Miscellaneous	1,426	4,056	-	5,482
Licenses, permits and fees	23	3,332	33	3,388
Advertising	-	2,575	-	2,575
Total expenses	$ 894,420	$ 199,032	$ 131,842	$ 1,225,294

See notes to financial statements.

GAINING GROUND, INC.
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 393,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	94,427
Net realized and unrealized gain on investments	(14,602)
Noncash lease expense	10,984
(Increase) decrease in operating assets:	
Contributions and grants receivable	100,389
Prepaid expenses and other current assets	(574)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	28,679
Lease liability	(10,694)
Net cash provided by operating activities	601,959
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(1,766,333)
Proceeds from sale of investments	1,261,248
Purchase of property and equipment	(106,330)
Net cash used by investing activities	(611,415)
Net decrease in cash and cash equivalents	(9,456)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	386,535
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 377,079
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION	
Cash paid for amounts included in the measurement of lease liability:	
Operating cash flows from operating leases	$ 14,250
Right of use asset obtained in exchange for new operating lease liability	45,930
Expiration of operating lease	9,724

See notes to financial statements.

1. NATURE OF ACTIVITIES

Gaining Ground, Inc. (the Organization) is a Massachusetts non-profit, community-supported, charitable organization whose mission is to grow and distribute fresh, organic produce to local meal programs, shelters, and food pantries as well as provide environmental education and related community service opportunities. The Organization is supported primarily through donor contributions, grants, and fundraising activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting –

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review –

Subsequent events have been evaluated by management through October 15, 2026, the date the financial statements were available to be issued.

Cash and Cash Equivalents –

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments –

Investments are reported at fair value. Changes in fair value are reflected in the statement of activities. Cash and cash equivalents held for investment purposes are considered investments. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the investment income and gains are recognized.

Fair Value of Financial Instruments –

The Organization follows ASC 820-10, *Fair Value Measurements*, which applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued) –

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 825-10, *Financial Instruments*, permits an entity to measure many financial instruments and certain other assets and liabilities at fair value or on an instrument-by-instrument basis. The Organization has not adopted any of the additional fair value options allowed in the standard. Management has determined that the fair value of its financial instruments not carried at fair value, including cash and cash equivalents, prepaid expenses and other assets, and miscellaneous liabilities are substantially equivalent to their carrying values as of December 31, 2025 due to their relatively short-term nature.

Contributions and Grants Receivable –

Contributions and grants receivable consist of unconditional promises to give to be collected over a donor-specified term. The Organization uses the allowance method to account for uncollectible contributions and grants receivable based on management's estimate of possible bad debts. Contributions and grants receivable due beyond one year are discounted to present value using a risk-free rate based on the yield of a U.S. Treasury security with a maturity similar to the expected collection period. These discounts are ratably amortized over the life of the contributions and grants receivable and are recorded as contributions and grants in the statement of activities. Management believes all contributions and grants receivable at December 31, 2025 are fully collectible and due within one year; therefore, no allowance or discount on contributions and grants receivable was recorded.

Property and Equipment –

Property and equipment are recorded at cost if purchased or estimated fair value if contributed. The Organization provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets, which range from five to thirty nine years. Leasehold improvements are depreciated over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets –

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the excess of the carrying amount over the fair value of the assets, while long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. As of December 31, 2025, management does not believe there is any impairment of long-lived assets.

Leases –

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's lease does not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free discount rate at the commencement date. ROU assets also include any prepaid lease payments made and exclude any lease incentives. Lease expense for lease payments on operating leases is recognized on a straight-line basis over the lease term.

Net Assets –

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

If donor restricted contribution criteria are met and the funds are released in the same year, the contribution is considered without donor restrictions and is presented accordingly in the statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition –

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenue from the sale of merchandise is recognized at the point of sale, when control of the goods transfers to the customer.

The Organization recognizes donated services that credit or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In addition, a substantial number of volunteers donate significant amounts of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in the accompanying financial statements, since it does not meet the recognition criteria in accordance with U.S. GAAP.

Functional Expenses –

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

Management and general – includes all activities related to the Organization's internal management and accounting for program services.

Fundraising – includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocation of salaries and wages, payroll taxes, employee benefits, printing and reproduction, and depreciation are allocated based on estimates of time, effort and usage. Allocations of functional expenses are based on management's discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

Income Taxes –

The Organization is organized and operated exclusively for charitable and educational purposes. Income related to these purposes is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Unrelated business income would be taxable according to applicable Internal Revenue Code sections. The Organization has no unrelated business income for the year ended December 31, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued) –

The Organization regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The Organization has evaluated its tax positions and determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Advertising Expense –

Advertising costs are expensed as incurred and totaled $2,575 during the year ended December 31, 2025.

3. CONCENTRATIONS OF CREDIT AND MARKET RISK

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

Cash and Cash Equivalents –

The Organization maintains its cash in bank deposit accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed the federally insured limits. The Organization has not experienced losses in any of these accounts.

Investments –

The Organization invests in securities which are exposed to market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes on the value of such investments, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements.

Contributions and Grants Receivable –

Credit risk associated with contributions and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts due are from individuals and foundations supportive of the Organization's mission. As of December 31, 2025, 76% of the Organization's contributions and grants receivable were due from two donors. There was no contributions and grants concentration during the year ended December 31, 2025.

4. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the donor has set aside the funds for a specific time period or purpose.

	December 31, 2025
Financial assets:	
Cash and cash equivalents	$ 377,079
Investments	1,890,735
Contributions and grants receivable	243,274
Financial assets, at year end	2,511,088
Less those unavailable for general expenditure within one year, due to:	
Donor restricted net assets for Sophia and Alexandria's Fund Endowment	156,054
Donor restricted net assets subject to expenditure for specified purpose and passage of time	137,910
Donor restricted net assets subject to the passage of time	35,000
	328,964
Financial assets available to meet cash needs for general expenditure within one year	$ 2,182,124

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

5. INVESTMENTS

Investments consist of the following:

	December 31, 2025
U.S. government securities	$ 858,577
Money market funds	465,698
Cash and cash equivalents	410,887
Mutual funds	155,573
	$ 1,890,735

6. FAIR VALUE MEASUREMENTS

The following tables present assets measured at fair value on a recurring basis:

	December 31, 2025			
Description	Level 1	Level 2	Level 3	Total
U.S. government securities	$ 858,577	$ -	$ -	$ 858,577
Money market funds	465,698	-	-	465,698
Cash and cash equivalents	410,887	-	-	410,887
Mutual funds	155,573	-	-	155,573
Total investments	$ 1,890,735	$ -	$ -	$ 1,890,735

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31, 2025
Buildings	$ 839,211
Motor vehicles	221,595
Machinery and equipment	174,486
Leasehold improvements	89,858
Furniture and fixtures	11,743
Office equipment	8,168
	1,345,061
Less: Accumulated depreciation	595,327
	$ 749,734

Depreciation expense for the year ended December 31, 2025 totaled $94,427.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31, 2025
Endowment:	
Sophia and Alexandria's Fund Endowment	$ 156,054
Subject to expenditure for specified purpose and passage of time:	
Expansion of operations over time	137,910
Subject to the passage of time:	
General operations	35,000
Total net assets with donor restrictions	$ 328,964

Net assets with donor restrictions were released for the following purposes or periods:

	December 31, 2025
Release for specified purpose and passage of time:	
Expansion of operations over time	$ 149,270
Growth of organic food over time	12,500
	161,770
Release for passage of time	
General operations	95,216
Total net assets released from restrictions	$ 256,986

9. ENDOWMENT

The Organization’s endowment consists of one fund established in 2023 with an initial gift of $100,000 for the purpose of satisfying donor imposed restrictions. The Organization follows guidance on the net asset classifications and financial statement disclosures related to donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was enacted by the Commonwealth of Massachusetts effective June 30, 2009. As such, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

9. ENDOWMENT (Continued)

The Organization interpreted the 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 initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are classified as with donor restrictions until these amounts are appropriated for expenditure 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Organization investment policies.

Investment Return Objectives, Risk Parameters and Strategies – The Organization has adopted investment and spending policies approved by the Board of Directors, as recommended by the Investment Committee (the "Committee"), for endowment assets (the Endowment Fund) to be used for the long-term support and preservation of the Organization, with income and unrealized or realized gains generated by the Endowment Fund available to support the Organization's operations and supplement the Organization's traditional sources of revenue. The primary investment objective of the Endowment Fund is to maximize total returns, without undue exposure to risk, to fund the annual drawdown in perpetuity and preserve future purchasing power. The Organization has been historically holding the Endowment Fund in a stock fund as a conservative measure in order to protect the principal of the endowment funds. Investment objectives are based on a long term (greater than ten-year) time horizon; interim fluctuations should be viewed with appropriate perspective.

Spending Policy – The Board of Directors has the authorization to drawdown up to 4% of the Endowment Fund annually based on a majority vote. The drawdown amount is calculated by multiplying the percentage drawdown by the moving average assets for the twelve quarters ending the calendar year quarter prior to the planned date of disbursement. Prior to a twelve quarter history, the calculation will be based on the prior total number of quarters, with a minimum of four, moving average value ending on the calendar year quarter prior to the planned date of disbursement. Disbursements over 4% can also be with a two-thirds vote of the Board of Directors. Any request for withdrawal of funds must be initiated by the Executive Committee with appropriate supporting arguments.

9. ENDOWMENT (Continued)

The following is a summary of the changes in endowment net assets during the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, January 1, 2025	$ -	$ 137,404	$ 137,404
Contributions to endowment	-	-	-
Investment return, net		18,650	18,650
Appropriation of investment earnings for expenditure	-	-	-
Endowment net assets, December 31, 2025	$ -	$ 156,054	$ 156,054

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. No such deficiencies were present at December 31, 2025.

10. LEASES

The Organization leases certain office space. The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the components of lease expense:

Lease Cost	Year Ended December 31, 2025
Operating lease expense (a)	$ 15,588

(a) Includes land-use agreement costs of $1,048 during the year ended December 31, 2025.

The following summarizes the weighted average remaining lease term and discount rate:

	December 31, 2025
Weighted-Average Remaining Lease Term (Years)	
Operating lease	2.25
Weighted-Average Discount Rate	
Operating lease	3.85%

10. LEASES (Continued)

The maturities of the operating lease liability as of December 31, 2025 were as follows:

Year Ending December 31,	
2026	$ 16,050
2027	16,650
2028	4,200
Total future lease commitments	36,900
Less: imputed interest	1,515
Present value of lease liability	35,385
Less: current portion of lease liability	14,999
Lease liability, net of current portion	$ 20,386

11. CONDITIONAL CONTRIBUTIONS

The Organization is awarded conditional grants that require the Organization to meet certain barriers under the respective grant agreements before the Organization is entitled to recognize contributions and grants revenue. Conditional grant commitments for which the related barriers had not been substantially met and therefore had not been recognized as contributions and grants revenue totaled $175,000 as of December 31, 2025.

12. RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year ended December 31, 2025, it was determined there was an error in the recognition of a conditional grant awarded to the Organization in 2021 resulting in an overstatement of net assets by $189,587. The following table summarizes the effect of the restatement on the originally reported balances as of and for the year ended December 31, 2024:

	As Originally Reported	As Restated
Net assets - with donor restrictions	$ 716,887	$ 527,300
Net assets - total	3,009,352	2,819,765
Change in net assets - total	558,694	587,151

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