



The Front Door Agency, Inc.

Financial Statements

For the Years Ended June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Front Door Agency, Inc.
Nashua, New Hampshire

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Front Door Agency, Inc. (a 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 The Front Door Agency, 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 The Front Door Agency, 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 The Front Door Agency, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



Report on Summarized Comparative Information

We have previously audited The Front Door Agency, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Murphy Gaudreau Hoskinson, Inc.

Murphy Gaudreau Hoskinson, Inc.
Nashua, New Hampshire

November 13, 2025



	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,244,492	\$ 1,039,812
Accounts receivable - net of allowance	1,043	2,530
Grants and contracts receivable - net of allowance	434,187	132,879
Promises to give	44,416	100,899
Prepaid expenses	24,009	20,372
Total Current Assets	<u>1,748,147</u>	<u>1,296,492</u>
Investments - at Fair Value	<u>2,469,503</u>	<u>2,170,436</u>
Property and Equipment - Net	<u>4,248,280</u>	<u>4,267,627</u>
Operating Leases Right-of-Use Assets - Net	<u>11,130</u>	<u>30,228</u>
Total Assets	<u><u>\$ 8,477,060</u></u>	<u><u>\$ 7,764,783</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term notes payable	\$ 7,678	\$ 7,276
Current portion of operating leases liability	13,042	19,046
Accounts payable	88,062	32,230
Accrued payroll and related liabilities	25,137	22,229
Other current liabilities	4,500	4,000
Prepaid rents	13,309	8,295
Total Current Liabilities	<u>151,728</u>	<u>93,076</u>
Long-Term Liabilities		
Long-term notes payable - net of current portion	590,878	622,522
Long-term operating leases liability - net of current portion	-	13,195
Security deposits	33,393	31,516
Total Long-Term Liabilities	<u>624,271</u>	<u>667,233</u>
Total Liabilities	<u>775,999</u>	<u>760,309</u>
Net Assets		
Without donor restrictions		
Undesignated	6,006,959	5,415,024
Board designated	772,438	772,438
With donor restrictions	921,664	817,012
Total Net Assets	<u>7,701,061</u>	<u>7,004,474</u>
Total Liabilities and Net Assets	<u><u>\$ 8,477,060</u></u>	<u><u>\$ 7,764,783</u></u>

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

	2025		Total	2024 Total
	Without Donor Restrictions	With Donor Restrictions		
Support, Revenue, and Other Income				
Support:				
Contributions	\$ 738,299	\$ 153,333	\$ 891,632	\$ 871,827
Grant income	1,180,591	-	1,180,591	828,798
Special events - net	232,419	-	232,419	229,627
In-kind donations	156,490	-	156,490	148,707
Debt forgiveness	23,984	-	23,984	47,646
Revenue:				
Rental income	636,261	-	636,261	566,488
Other Income:				
Investment income - net	265,001	7,665	272,666	225,184
Other revenue	73,222	-	73,222	45,258
Interest income	27,792	-	27,792	23,813
Net assets released from restrictions	56,346	(56,346)	-	-
Total Support, Revenue, and Other Income	3,390,405	104,652	3,495,057	2,987,348
Expenses				
Program services	2,267,113	-	2,267,113	2,157,262
General and administration	214,333	-	214,333	152,871
Fundraising	317,024	-	317,024	260,490
Total Expenses	2,798,470	-	2,798,470	2,570,623
Change in Net Assets	591,935	104,652	696,587	416,725
Net Assets - Beginning	6,187,462	817,012	7,004,474	6,587,749
Net Assets - Ending	\$ 6,779,397	\$ 921,664	\$ 7,701,061	\$ 7,004,474

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

	2025					Total Program Services	Support Services		Total Support Services	Total Functional Expenses	2024 Total Expenses
	Program Services						General and Administration	Fundraising			
	Transformational Housing	Affordable Housing	Housing Stability	YHDP	Other Programs						
Salaries and Related Expenses											
Salaries and wages	\$ 310,541	\$ 227,629	\$ 274,995	\$ 1,624	\$ -	\$ 814,789	\$ 89,381	\$ 213,985	\$ 303,366	\$ 1,118,155	\$ 1,009,008
Employee benefits	47,436	48,757	25,123	-	275	121,591	17,409	45,210	62,619	184,210	156,810
Payroll taxes	23,598	12,720	20,676	124	-	57,118	6,253	15,177	21,430	78,548	75,894
Total Salaries and Related Expenses	<u>381,575</u>	<u>289,106</u>	<u>320,794</u>	<u>1,748</u>	<u>275</u>	<u>993,498</u>	<u>113,043</u>	<u>274,372</u>	<u>387,415</u>	<u>1,380,913</u>	<u>1,241,712</u>
Direct Assistance											
Security deposit assistance	6,993	-	125,353	3,140	-	135,486	-	-	-	135,486	214,095
Holiday/Santa fund program	594	-	-	-	120,214	120,808	-	-	-	120,808	145,725
Rental assistance	19,551	4,472	135,111	9,121	-	168,255	-	-	-	168,255	70,768
Therapy for women and children	51,047	-	-	-	-	51,047	-	-	-	51,047	62,712
Client specific household supplies	14,003	-	3,661	800	-	18,464	-	-	-	18,464	15,329
Utility assistance	230	-	14,223	-	-	14,453	-	-	-	14,453	12,134
Food, clothing, transportation, and childcare	17,940	223	6,025	-	-	24,188	-	-	-	24,188	7,444
Client education scholarships	10,000	-	-	-	-	10,000	-	-	-	10,000	7,096
Total Direct Assistance	<u>120,358</u>	<u>4,695</u>	<u>284,373</u>	<u>13,061</u>	<u>120,214</u>	<u>542,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,701</u>	<u>535,303</u>
Fee for Services											
Other professional fees	13,602	7,353	333	7,788	-	29,076	5,285	283	5,568	34,644	27,453
Accounting	4,200	4,200	4,200	-	-	12,600	4,275	4,200	8,475	21,075	14,383
Total Fee for Services	<u>17,802</u>	<u>11,553</u>	<u>4,533</u>	<u>7,788</u>	<u>-</u>	<u>41,676</u>	<u>9,560</u>	<u>4,483</u>	<u>14,043</u>	<u>55,719</u>	<u>41,836</u>
Other Expenses											
Occupancy	96,125	129,938	697	8,281	-	235,041	961	1,738	2,699	237,740	263,567
Depreciation	92,032	110,471	-	-	-	202,503	22,907	-	22,907	225,410	222,261
In-kind expenses	-	-	-	-	-	-	-	100,635	100,635	100,635	107,285
Insurance	20,399	32,308	2,463	-	-	55,170	5,081	2,463	7,544	62,714	59,788
Information technology	15,985	11,401	11,149	-	-	38,535	9,451	9,170	18,621	57,156	33,605
Credit losses	27,894	4,736	12,188	-	-	44,818	-	-	-	44,818	3,968
Miscellaneous	251	3,230	127	-	-	3,608	34,431	3,539	37,970	41,578	16,573
Interest expense	23,663	14,969	-	-	-	38,632	-	-	-	38,632	39,035
Office expense	6,686	4,411	3,752	108	643	15,600	4,982	14,691	19,673	35,273	40,183
Property management	-	25,000	-	-	-	25,000	-	-	-	25,000	25,000
Telephone and communications	9,562	4,941	2,829	-	-	17,332	2,405	2,405	4,810	22,142	22,149
Special event costs	-	-	-	-	-	-	-	21,336	21,336	21,336	15,212
Amortization of right-of-use asset	-	-	4,774	-	-	4,774	9,549	4,774	14,323	19,097	18,944
Advertising and promotion	1,383	1,163	1,623	-	-	4,169	1,424	6,675	8,099	12,268	13,834
Fundraising	-	-	-	-	-	-	188	5,368	5,556	5,556	5,335
Furnishings	899	1,274	-	1,707	-	3,880	-	834	834	4,714	5,179
Interest expense on operating leases	-	-	176	-	-	176	351	176	527	703	2,872
Total Other Expenses	<u>294,879</u>	<u>343,842</u>	<u>39,778</u>	<u>10,096</u>	<u>643</u>	<u>689,238</u>	<u>91,730</u>	<u>173,804</u>	<u>265,534</u>	<u>954,772</u>	<u>894,790</u>
Total Functional Expenses	<u>814,614</u>	<u>649,196</u>	<u>649,478</u>	<u>32,693</u>	<u>121,132</u>	<u>2,267,113</u>	<u>214,333</u>	<u>452,659</u>	<u>666,992</u>	<u>2,934,105</u>	<u>2,713,641</u>
Less expenses of direct benefit to donors	-	-	-	-	-	-	-	(135,635)	(135,635)	(135,635)	(140,555)
Total Functional Expenses	<u>\$ 814,614</u>	<u>\$ 649,196</u>	<u>\$ 649,478</u>	<u>\$ 32,693</u>	<u>\$ 121,132</u>	<u>\$ 2,267,113</u>	<u>\$ 214,333</u>	<u>\$ 317,024</u>	<u>\$ 531,357</u>	<u>\$ 2,798,470</u>	<u>\$ 2,573,086</u>

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

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 696,587	\$ 416,725
Non-cash items included in change in net assets:		
Depreciation	244,509	241,202
Change in allowance for credit losses	(9,175)	31,893
Debt forgiveness	(23,984)	(47,646)
Realized (gain) loss on sales of investments	(42,441)	11,767
Unrealized gain on investments	(154,276)	(163,204)
Changes in operating assets and liabilities:		
Accounts receivable	10,662	(27,214)
Grants and contracts receivable	(301,308)	30,622
Promises to give	56,483	(54,034)
Prepaid expenses	(3,637)	(10,454)
Operating leases liability	(19,199)	(16,929)
Accounts payable	55,832	(7,890)
Accrued payroll and related liabilities	2,908	3,824
Other current liabilities	500	(6,000)
Prepaid rents	5,014	-
Security deposits	1,877	7,963
Net Cash Provided by Operating Activities	<u>520,352</u>	<u>410,625</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(206,064)	(243,660)
Purchases of investments	(900,884)	(485,943)
Proceeds received from the sale of investments	798,534	56,124
Net Cash Used by Investing Activities	<u>(308,414)</u>	<u>(673,479)</u>
Cash Flows from Financing Activities		
Principal payments on long-term notes payable	(7,258)	(30,839)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	204,680	(293,693)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>1,039,812</u>	<u>1,333,505</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 1,244,492</u>	<u>\$ 1,039,812</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	<u>\$ 15,372</u>	<u>\$ 15,372</u>
Cash paid from amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 19,800</u>	<u>\$ 19,800</u>

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

NOTE – A: DESCRIPTION OF THE ORGANIZATION

The Front Door Agency, Inc. (the Agency) is a New Hampshire non-profit public benefit organization which was incorporated on February 6, 1987. The Agency is unequivocally committed to helping homeless and disadvantaged people in the Greater Nashua community achieve stability, have the opportunity to transform, and ultimately flourish. Since its inception, the Agency has been offering support, fostering education, and providing services to assist individuals and families transition from crisis to self-sufficiency. The Agency believes that dignity, respect and compassion is deserved for all people and that through education, every person can grow and succeed.

The Agency's core programs were collaboratively developed to provide a comprehensive approach that addresses the root causes of homelessness and poverty. These programs include:

Transformational Housing: The program provides long-term transitional housing to homeless single mothers and their children. With a program design of "self-help", mothers must be motivated to create change. The program is not an emergency shelter but serves as a comprehensive long-term "next step" on the road to self-sufficiency as it is the program's primary goal to reduce barriers to higher education in order to increase every client's employability and income, so mothers are empowered to regain their confidence and achieve independence.

The Transformational Housing Program enables clients to remove personal barriers so they can successfully access a college degree, credentialing, an apprenticeship, or job-skills training programs. The program has been successful in graduating women with degrees in areas such as accounting, paralegal, marketing, nursing, and social work. Others have earned job skills in areas of Licensed Nursing Assistant, welding, Commercial Driver's License driving, and culinary arts.

Housing Stability: The program helps all individuals and families currently experiencing homelessness or on the verge of homelessness by providing prevention and intervention assistance with rent, utilities, and security deposits. Others who may face a temporary crisis such as an illness or job reduction or loss of a spouse can receive short-term rental assistance to help them avoid homelessness as they regain self-sufficiency. The Agency also offers short-term rental subsidies that gradually reduce over a few months to help families with very low income. All families receive extensive case management and budgeting assistance.

Youth Homeless Demonstration Program: The program aims to help young adults living in situations of homelessness in Greater Nashua. By providing safe, communal, short-term living space, youth are given the steppingstone they need to get back on their feet and onto a path of success.

Affordable Housing: The program provides eight units of housing for families meeting the Department of Housing and Urban Development guidelines and 40 units specifically for homeless women through its Mary House Program.

Holiday/Santa: Each year the Agency helps over 500 children during the holidays with gifts and clothing.

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Agency's financial statements.

Basis of Accounting/Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accordingly, revenue is recognized as goods or services are delivered, and expenses are recognized as incurred. Expenses are charged to each program based on the direct expenditure incurred. Any expenditure not directly chargeable to an individual program is allocated against all the programs benefitted. The financial statements and notes are representations of management who is responsible for their integrity and objectivity.

Cash, Cash Equivalents, and Restricted Cash: For purposes of the statement of cash flows, the Agency considers all highly liquid deposits with a maturity of three months or less to be cash equivalents.

Restricted cash is classified as a current asset on the statement of financial position.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash as reported on the statement of financial position that sum to the total of such amounts reporting on the statement of cash flows at June 30:

	2025	2024
Cash and cash equivalents - unrestricted	\$ 1,235,457	\$ 1,030,844
Cash and cash equivalents - restricted	9,035	8,968
Total	<u>\$ 1,244,492</u>	<u>\$ 1,039,812</u>

Accounts Receivable: Accounts receivable are stated at cost, net of an allowance for credit losses, which is the amount management expects to collect from outstanding balances. An allowance for credit losses is provided for accounts receivable based upon historical experience adjusted for current conditions and reasonable and supportable forecasts and management's evaluation of outstanding balances at the end of the year. The Agency considers a receivable past due if payment is not received based on contractual terms. Bad debts are written off against the allowance when identified. An allowance for credit losses of \$23,483 and \$32,658 was recorded at June 30, 2025 and 2024. Interest is not charged on outstanding accounts receivable.

Grants and Contracts Receivable: Grants receivable and contracts are stated at cost, which is the amount management expects to collect from outstanding balances. An allowance for credit losses is provided for those grants and contracts receivable considered to be uncollectible based upon historical experience adjusted for current conditions and reasonable and supportable forecasts and management's evaluation of outstanding balances at the end of the year. The Agency considers a receivable past due if payment is not received based on contractual terms. Bad debts are written off against the allowance when identified. It is the opinion of management

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that grants, and contracts receivable are fully collectible. Therefore, an allowance for credit losses was not deemed necessary at June 30, 2025 and 2024. Interest is not charged on outstanding grants and contracts receivable.

Prepaid Expenses: Prepaid expenses are stated at historical cost, net of any related amortization, and consist of amounts which are of continuing benefit to the Agency.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurements: Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Company has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 – Unobservable inputs for the asset or liability that are significant to the fair value measurement. These inputs reflect the Agency's assumptions about the assumptions a market participant would use in pricing the asset or liability.

Property and Equipment: Property and equipment are stated at cost. The Agency's policy is to capitalize assets and major repairs of individual cost over \$5,000 with useful lives over 12 months or which significantly increase the useful life of an asset. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets, as follows:

	Years
Building and improvements	5 – 28
Leasehold improvements	2 – 10
Furniture	7
Equipment	5

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the lives of the assets are capitalized. When property is disposed of, the asset and related accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflected in operations in the period incurred.

Valuation of Long-Lived Assets: The Agency reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

Net Assets: The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It required that the amounts for each of the classes of net assets be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

In accordance with accounting principles generally accepted in the United States of America (US GAAP), The Front Door Agency, Inc. reports information regarding its financial position and activities according to the following two classes of net assets:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restrictions will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Agency must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for the acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Agency, unless the donor provides more specific directions about the period of its use.

Classification of Transactions: All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless restrictions are imposed by donor-imposed stipulations or law. All expenses and net losses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions. Upon approval by the Board of Directors, transfers are made from undesignated without donor restricted net assets to board designated net assets.

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: The Agency records revenue in accordance with ASC 606, *Revenue from Contracts with Customers* (ASC 606). The standard requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Contributions: Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

The Agency is a beneficiary under several donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the Agency has an irrevocable right to the bequest.

Government Grants and Contract Revenue and Award Recognition: Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Revenue from state agencies is subject to independent audit, and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds.

Based on prior experience, the Agency's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Agency.

Grants with donor restrictions are recorded as revenue and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions lapse. Grants with donor restrictions received and satisfied in the same period are included in net assets without donor restrictions.

The Agency receives contracts under various arrangements. This revenue is recognized under a performance-based system. Under this type of system, the Agency is paid based upon the number of units of service provided for both purchased services and administrative management. Each type of service has a separate unit rate for units of service performed.

Performance Obligations: For performance obligations related to the Agency's activities, control transfers to the client at a point in time. The Agency's principal terms are point of sale and the Agency transfers control and records revenue upon delivery to the client, respectively. The payment terms and conditions in client contracts occur upon delivery.

The Agency does not have any significant financing components as payment is received at or shortly after the point of sale.

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation: The costs of providing the Agency's programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

Payroll and related costs are allocated to functions based upon actual time charges. Occupancy and other costs are allocated based on actual expenses. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Agency.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Agency generally does not conduct its fundraising activities in conjunction with its other activities.

Advertising Costs: Costs incurred with respect to advertising are expensed when incurred. Advertising expense for the years ended June 30, 2025 and 2024 totaled \$9,148, and \$6,977, respectively.

Income Taxes: The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Lease Accounting: The Agency adopted FASB Accounting Standards Update No. (ASU) 2016-02, *Leases, Topic 842* (ASC 842) as of July 1, 2022. Under ASC 842, the Agency determines whether the arrangement contains a lease at the inception of an arrangement. If a lease is identified in an arrangement, the Agency recognizes a right-of-use (ROU) asset and liability on its statement of financial position and determines whether the lease should be classified as a finance or operating lease. The Agency does not recognize assets or liabilities for leases with lease terms of less than 12 months.

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the Agency's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term using the discount rate implicit in the lease. If the rate implicit is not readily determinable, the Agency utilizes the Applicable Federal Rate at the adoption of ASC 842, or the lease commencement date. Operating lease assets are further adjusted for prepaid or accrued lease payments. Operating lease payments are expensed using the straight-line method as an operating expense over the lease term.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Some of the Agency's operating leases provide for minimum annual payments that increase over the life of the lease. These leases may include obligations to pay for other services, such as operations and maintenance. For leases of property, the Agency accounts for these other services as a component of the lease. The aggregate minimum annual payments are expensed on the straight-line basis beginning when the Agency takes possession of the property and extending over the term of the related lease, including renewal

NOTE – B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

options when the exercise of the option is reasonably certain as an economic penalty may be incurred if the option is not exercised.

In-Kind Services: Donated services represent the estimated fair value of services provided to the Agency. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Local businesses occasionally donate services, most of which are not recognized as contributions in the financial statements since the recognition criteria were not met.

Fair Value of Financial Instruments: The Fair Value Measurements and Disclosures Topic of the FASB ASC defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Agency's financial instruments are cash and cash equivalents, grants and contracts receivable, and accounts payable. The recorded values of cash and cash equivalents, grants and contracts receivable, and accounts payable approximate their fair values based on their short-term nature.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, actual results could differ from those estimates, and such differences may be material.

Reclassifications: Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These classifications had no effect on previously reported results of operations or net assets.

NOTE – C: INVESTMENTS

The Agency's investments at June 30, 2025 are summarized as follows:

	Fair Value	Cost	Cumulative Unrealized Gain
	<u> </u>	<u> </u>	<u> </u>
Taxable fixed income finds	\$ 1,066,923	\$ 1,058,357	\$ 8,566
Equity funds	235,988	212,353	23,635
Mixed assets	1,155,532	865,717	289,815
Money market funds	11,060	11,060	-
	<u> </u>	<u> </u>	<u> </u>
Total Investments	<u>\$ 2,469,503</u>	<u>\$ 2,147,487</u>	<u>\$ 322,016</u>

NOTE – C: INVESTMENTS (Continued)

The Agency's investments at June 30, 2024 are summarized as follows: The Agency's investments at June 30, 2024 are summarized as follows:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized (Loss) Gain</u>
Taxable fixed income finds	\$ 1,012,318	\$ 1,015,585	\$ (3,267)
Mixed assets	673,736	619,489	54,247
Equity funds	481,007	342,843	138,164
Money market funds	<u>3,375</u>	<u>3,375</u>	<u>-</u>
Total Investments	<u>\$ 2,170,436</u>	<u>\$ 1,981,292</u>	<u>\$ 189,144</u>

All investments of the Agency are classified as Level 1 as defined in Note B for years ending June 30, 2025 and 2024.

NOTE – D: PROPERTY AND EQUIPMENT

Major classifications of property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 5,599,628	\$ 5,393,565
Leasehold improvements	273,228	273,228
Land	247,100	247,100
Equipment and furniture	<u>22,088</u>	<u>22,088</u>
	6,142,044	5,935,981
Less: accumulated depreciation	<u>(1,893,764)</u>	<u>(1,668,354)</u>
Property and Equipment - Net	<u>\$ 4,248,280</u>	<u>\$ 4,267,627</u>

Depreciation expense totaled \$225,411 and \$222,261 for the years ended June 30, 2025 and 2024, respectively.

NOTE – E: ENDOWMENT

The Agency's investments consist of undesignated endowment funds, board designated endowment funds, and donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE – E: ENDOWMENT (Continued)

The Board of Directors of the Agency has interpreted the State of New Hampshire 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 Agency classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by the State UPMIFA. In accordance with UPMIFA, The Agency 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 purposes of The Agency 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 Agency
7. The investment policies of The Agency.

The Agency has adopted investment policies designed to provide a reasonable stream of income that will rise with inflation to fund activities. The primary total return objective is to exceed the long-term rate of inflation, as measured by the Consumer Price Index, by 3%. Investment policies also provide for diversification, and stipulate asset mix between equities, fixed income securities, and cash.

The Agency's spending policy is to appropriate up to 7% of the average market value of the endowment fund based on the last three years average value of the endowment fund. The Agency's spending policy for the scholarship fund is to appropriate up to 5% of the average market value of the scholarships annually.

The endowment composition by type of fund as of June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 809,429	\$ 809,429
Board designated	954,920	-	954,920
Undesignated	636,797	-	636,797
Total Endowment Funds	\$ 1,591,717	\$ 809,429	\$ 2,401,146

NOTE – E: ENDOWMENT (Continued)

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ 1,322,503	\$ 783,029	\$ 2,105,532
Investment return:			
Investment income - net of fees	136,558		136,558
Change in market value	132,656		132,656
Contributions	5,000	26,400	31,400
Appropriation of endowment net assets for expenditures	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Endowment net assets - end of year	<u>\$ 1,591,717</u>	<u>\$ 809,429</u>	<u>\$ 2,401,146</u>

The endowment composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor restrictions</u>	<u>With Donor restrictions</u>	<u>Total</u>
Donor restricted	\$ -	\$ 783,029	\$ 783,029
Board designated	772,438	-	772,438
Undesignated	<u>550,065</u>	<u>-</u>	<u>550,065</u>
Total Endowment Funds	<u>\$ 1,322,503</u>	<u>\$ 783,029</u>	<u>\$ 2,105,532</u>

NOTE – E: ENDOWMENT (Continued):

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor restrictions	With Donor restrictions	Total
Endowment net assets - beginning of year	\$ 834,410	\$ 754,770	\$ 1,589,180
Investment return:			
Investment income - net of fees	133,195	2,114	135,309
Change in market value	182,948	724	183,672
Contributions	274,566	25,421	299,987
Appropriation of endowment net assets for expenditures	<u>(102,616)</u>	<u>-</u>	<u>(102,616)</u>
Endowment net assets - end of year	<u>\$ 1,322,503</u>	<u>\$ 783,029</u>	<u>\$ 2,105,532</u>

From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration, also known as underwater endowments. As of June 30, 2025 and 2024, no funds were underwater.

NOTE – F: LINE OF CREDIT

The Agency maintains a line of credit with a local financial institution with available borrowings up to \$100,000. Borrowings under the agreement are due on demand and interest is payable monthly at the Wall Street Journal Prime Rate, 7.5% and 8.5% at June 30, 2025 and 2024, respectively. The line of credit is secured by substantially all of the assets of the Agency and expires June 2029. There was no balance owed against the line of credit at June 30, 2025 and 2024, respectively.

NOTE – G: NOTES PAYABLE

Notes payable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Mortgage payable to Community Housing Capital, secured by land and building (Shattuck Street), due in monthly installments of \$886 including principal and interest at 5.00% through June 2027.	\$ 122,181	\$ 126,593
Mortgage payable to City of Nashua, secured by land and building (C Street). No interest due as long as property is owned by the Agency. In September 2011, the mortgage was amended to forgive principal equally over 20 years, retroactively from March 2007.	6,550	13,100
Mortgage payable to City of Nashua, secured by land and building (Amherst Street). No interest due as long as property is owned by the Agency, and meets rental affordability criteria. In September 2011, the mortgage was amended to forgive principal equally over 20 years beginning December 2012.	122,030	139,464
Mortgage payable to City of Nashua, secured by land and building (Concord Street). Neither interest nor principal are due as long as the Agency owns the property and meets rental affordability criteria.	203,500	203,500
Mortgage payable to Triangle Credit Union, secured by land and building (Mary's House), due in monthly installments of \$966 including principal and interest at 6.00% through April 2030. Beginning May 2030, and every 84th month thereafter, the interest rate will adjust to US Treasury Securities Index plus 3.00%. The mortgage matures May 2048.	<u>144,295</u>	<u>147,141</u>
Total notes payable	598,556	629,798
Less: current portion of long-term notes payable	<u>(7,678)</u>	<u>(7,276)</u>
Long-Term Notes Payable - Net of Current Portion	<u>\$ 590,878</u>	<u>\$ 622,522</u>

NOTE – G: NOTES PAYABLE (Continued)

Aggregate maturities of long-term notes payable for the years ending June 30 are as follows:

2026	7,678
2027	120,708
2028	3,392
2029	3,601
2030	3,824
Thereafter	459,353
	<u>\$ 598,556</u>

NOTE – H: EMPLOYEE BENEFITS PLAN

In March 2018, the Agency adopted a Simple Retirement Plan (the Plan). All employees meeting age and wage requirements qualify for the Plan. The Agency matches employee contributions up to 3% of compensation. The Agency contributed \$19,427 and \$19,015 to the Plan for the years ended June 30, 2025 and 2024, respectively.

NOTE – I: LEASES

The Agency leases its administrative office facility under a long-term, non-cancelable operating lease agreement. The lease expires in February 2026. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties.

Operating lease assets consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Right-of-use assets	\$ 66,198	\$ 66,198
Less: accumulated amortization	<u>(55,068)</u>	<u>(35,970)</u>
Operating Leases Right-of-Use Assets - Net	<u>\$ 11,130</u>	<u>\$ 30,228</u>

NOTE – I: LEASES (Continued)

For the years ended June 30, 2025 and 2024, amortization expense related to the ROU assets for operating leases totaled \$19,097 and \$18,943, respectively, and interest expense related to the discounted cash flows totaled \$703 and \$2,871 for years ended June 30, 2025 and 2024, respectively. The weighted average remaining lease term was 0.66 and 1.66 years and the weighted average discount rate was 3.22% and 3.22% that was used to measure the Agency's operating lease liabilities at June 30, 2025 and 2024, respectively.

The following is a maturity analysis of the annual undiscounted cash flows of the lease liabilities for years ending June 30:

2026	<u>\$ 13,200</u>
Total lease payments	13,200
Less: imputed interest	<u>(158)</u>
Total lease obligations	13,042
Less: current obligations	<u>(13,042)</u>
Long-Term Lease Obligations	<u>\$ -</u>

NOTE – J: GIFTS IN-KIND

Contributed nonfinancial assets recognized in the statement of activities consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Holiday gifts for families	\$ 119,658	\$ 136,818
Auction event prizes	100,635	107,285
Household and other goods	10,761	29,143
Software	<u>2,412</u>	<u>12,279</u>
	<u>\$ 233,466</u>	<u>\$ 285,525</u>

The Agency recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed holiday gifts were used for specific families in need designated by the Agency. Contributed household and other goods were used in the Agency's programs assisting those in need. Contributed auction items were used at a special event held by the Agency to raise funds to better serve their clients and community. Contributed software was used by the Agency for operation needs. In valuing gifts in-kind, the Agency estimated the fair market value based on estimates of wholesale values that would be received for the sale of similar products.

NOTE – K: CONCENTRATIONS

Financial instruments that potentially subject the Agency to concentrations of credit consist principally of cash balances at financial institutions and grants and contracts receivable.

Cash in Bank: The Agency maintains its cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the Agency's bank balances may exceed insurable limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE – L: AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at June 30:

	<u>2025</u>	<u>2024</u>
Financial Assets at Year-End		
Cash and cash equivalents	\$ 1,244,492	\$ 1,039,812
Accounts receivable - net of allowance	1,043	2,530
Grants and contracts receivable - net of allowance	434,187	132,879
Promises to give	44,416	100,899
Investments	<u>2,469,503</u>	<u>2,170,436</u>
 Total Financial Assets at Year End	 4,193,641	 3,446,556
 Less: net assets with donor restrictions	 <u>(921,664)</u>	 <u>(817,012)</u>
 Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	 <u>\$ 3,271,977</u>	 <u>\$ 2,629,544</u>

In the event of an unanticipated liquidity need, the Agency could also use funds from its line of credit.

NOTE – M: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2025, which is the date the accompanying financial statements were available to be issued.