Prescott Area Shelter Services
FROM CRISIS TO STABILITY

Prescott Area Shelter Services, Inc.

AUDITED FINANCIAL STATEMENTS

December 31, 2025

Prescott Area Shelter Services, Inc.

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December 31, 2025

Mara G. Mann
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prescott Area Shelter Services, Inc.
Prescott, Arizona

Opinion

We have audited the accompanying financial statements of Prescott Area Shelter Services, Inc., (a nonprofit organization), which comprise of 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 Prescott Area Shelter Services, Inc., as of December 31, 2025, and the changes in 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. 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 Prescott Area Shelter Services, Inc., 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.

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 Prescott Area Shelter Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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.

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INDEPENDENT AUDITOR'S REPORT (Continued)

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 Prescott Area Shelter Services, Inc.'s internal control. Accordingly, no 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 Prescott Area Shelter Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Mara G Mann CPA

Mara G. Mann, CPA
Phoenix, AZ
July 20, 2026

Prescott Area Shelter Services, Inc.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2025

ASSETS		
Current Assets:		
Cash		$ 624,220
Certificate of deposit		140,920
Grants receivable		32,978
Prepaid expenses		25,053
Other current assets		555
	Total Current Assets	823,726
Board established endowment fund -- Note 4		121,327
Investments -- Note 5		325,502
Property and Equipment, net -- Note 6		1,751,732
Other assets		2,334
	Total Assets	$ 3,024,621
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable		$ 25,979
Wages and taxes payable		4,135
Deferred revenue -- Note 7		16,636
Other current liabilities		2,000
Current portion of long-term-debt -- Note 8		36,566
	Total Current Liabilities	85,316
Long-term debt -- Note 8		1,056,518
	Total Liabilities	1,141,834
NET ASSETS		
Net assets without donor restrictions		1,697,387
Net assets without donor restrictions, board designated -- Note 9		113,285
Net assets with donor restrictions -- Note 10		72,115
	Total Net Assets	1,882,787
	Total Liabilities and Net Assets	$ 3,024,621

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

Prescott Area Shelter Services, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Revenue, gains and other support:			
Community grants	$ 86,950	$ 115,000	$ 201,950
Contributions	418,589	55,035	473,624
Contributed nonfinancial assets -- Note 11	100,945		100,945
Fundraising event revenue	71,373		71,373
Program revenue	85,633		85,633
Interest income - certificate of deposit	5,373		5,373
Investment return, net - endowment	12,853		12,853
Investment return, net - investments	30,940		30,940
Interest income	38		38
Net assets released from restrictions - satisfaction of program restrictions	192,378	(192,378)	
Total Support and Revenue, net	1,005,072	(22,343)	982,729
Expenses:			
Program Services:			
Transitional programs	118,452		118,452
Other programs	410,335		410,335
Supporting Services:			
Fundraising	85,955		85,955
Administration	106,054		106,054
	192,009		192,009
Total Expenses	720,796		720,796
Increase (Decrease) in Net Assets	284,276	(22,343)	261,933
NET ASSETS AT BEGINNING OF YEAR	1,526,396	94,458	1,620,854
NET ASSETS AT END OF YEAR	$ 1,810,672	$ 72,115	$ 1,882,787

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

Prescott Area Shelter Services, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services-			Supporting Services				
	Transitional Programs	Other Programs	Total Programs	General Fundraising	Fundraising Event	Total Fundraising	Administration	Total
Salaries and wages	$ 22,855	$ 150,813	$ 173,668	$ 34,550		$ 34,550	$ 22,958	$ 231,176
Payroll taxes	1,834	10,321	12,155	4,556		4,556	1,794	18,505
Employee benefits	223	1,227	1,450	558		558	223	2,231
Advertising					$ 3,200	3,200	700	3,900
Bad debt							2,000	2,000
Bank and merchant fees	2,009	1,702	3,711	3,470		3,470	2,198	9,379
Community outreach		3,895	3,895	6,995		6,995	52	10,942
Depreciation		69,698	69,698				7,744	77,442
Dues, fees and subscriptions	261	464	725	152		152	2,001	2,878
Facilities occupancy	19,647	10,291	29,938		1,247	1,247		31,185
Facilities repairs and maintenance	11,375	7,228	18,603					18,603
Food	55	101,129	101,184	4,874	9,926	14,800		115,984
Insurance		11,279	11,279				1,831	13,110
Interest	58,312	6,834	65,146					65,146
Miscellaneous		3	3					3
Postage and delivery							234	234
Professional fees							57,042	57,042
Program occupancy		12,185	12,185					12,185
Purchased services		2,419	2,419	7,300	7,572	14,872		17,291
Supplies	321	4,913	5,234	146	1,409	1,555	3,301	10,090
Telephone and internet	809	3,186	3,995					3,995
Travel, transportation and meetings	751	11,484	12,235				3,976	16,211
Volunteer support		1,264	1,264					1,264
	$ 118,452	$ 410,335	$ 528,787	$ 62,601	$ 23,354	$ 85,955	$ 106,054	$ 720,796

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

Prescott Area Shelter Services, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in Net Assets	$ 261,933
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:	
Depreciation	77,442
Changes in operating assets and liabilities:	
Grants receivable	(20,746)
Prepaid expenses	(14,410)
Other current assets	100
Other assets	(1,552)
Accounts payable	6,809
Wages and taxes payable	1,176
Deferred revenue	13,951
Other current liabilities	1,000
Net Cash Provided By Operating Activities	**325,703**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of certificate of deposit	(5,373)
Purchase of investments in endowment fund	(12,853)
Purchase of investments	(30,941)
Purchase of building improvements	(73,349)
Net Cash Used By Investing Activities	**(122,516)**
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayments of long-term debt	(35,564)
Net Cash Used By Financing Activities	**(35,564)**
INCREASE IN CASH	**167,623**
CASH AT BEGINNING OF YEAR	456,597
CASH AT END OF YEAR	**$ 624,220**

Supplemental Disclosure of Cash Flow Information Is As Follows:

Cash paid for interest	$ 65,146

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

NOTE 1 – PURPOSE, ORGANIZATION AND NATURE OF ACTIVITIES

Prescott Area Shelter Services, Inc. (the "Organization") is a 501(c)(3) organization, incorporated in the state of Arizona on December 31, 2008. The mission of the Organization is to serve women, families, and veterans by providing temporary housing, resources, individualized case management, and a pathway to permanent housing. The Organization achieves its mission through its shelter facilities and outreach programs which connect guests with outside resources. The Organization recognizes the innate worth of every human being, accepts people as they are and seeks to assist them in achieving their goals. The Organization is able to achieve its mission through community support in the form of contributions, grants, and fundraising.

The accompanying financial statements are summaries of the financial position, results of operations, net asset classifications and sources and applications of cash of the Organization.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Basis of Presentation
The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions. These net assets classifications are described as follows:

> Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions. These net assets may be expended for any purpose in performing the primary objective of the Organization. Net assets without donor restrictions may be designated for specific purposes or locations by the action of the Board of Directors.
>
> Net Assets With Donor Restriction – Net assets that are subject to stipulations by donors and grantors, which may be maintained in perpetuity or fulfilled by the actions of the Organization to meet the stipulations or become net assets without restrictions at the date specified by the donor.

Income Tax Status
The Organization has been classified as an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Organization is also classified as an entity which is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization has no Unrelated Business Income, therefore no provision has been made for income taxes due in the accompanying financial statements.

GAAP prescribes a recognition threshold and a measurement process for accounting for uncertain tax positions and provides guidance on various related matters, such as interest, penalties, and required disclosures. Management believes the Organization does not have any uncertain tax positions.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)
The Organization's federal and state informational tax returns are subject to examination generally for three and four years, respectively, after they are filed.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Functional Allocation of Expenses
The costs of providing the programs and other various activities have been summarized on a functional basis in the Statements of Activities. Directly identifiable expenses are charged to programs and supporting services as identified. Certain costs have been allocated among the programs and supporting services benefited on an appropriate basis.

Costs which are allocated, and the basis of allocation are as follows:

Expense	Method of allocation
Salaries	Time and effort
Utilities	Square footage
Insurance	Full-time equivalent
Travel	Time and effort

Cash and Cash Equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased to be cash equivalents.

Grants Receivable
Grants receivables include amounts due to the Organization for grant awards by local organizations, received after year end. Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization evaluates the collectability of its accounts receivable on an ongoing basis. An allowance for doubtful accounts is established based on historical collection experience, current economic conditions, and individual customer credit assessments. Based on a review, all receivables are considered to be fully collectible; therefore, no allowance for doubtful accounts has been established as of December 31, 2025. Uncollectible accounts are written off directly against earnings in the period the determination is made.

Prepaid Expenses
As of December 31, 2025, prepaid expenses consist of prepaid insurance and a deposit for services to be provided for a 2026 fundraiser.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Purchased investments are recorded at cost, and donated investments are reported at fair value on the date of donation. Thereafter, investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets for which the investment relates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,500. Purchased property and equipment is capitalized and stated at cost. Donations of property and equipment are at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful life of the respective assets, which ranges from five years for vehicles and improvements to thirty years for buildings.

Expenditures for major renewals and betterments that extend the life of property and equipment are capitalized at cost. Expenditures for maintenance and repairs are charged to expenses as incurred.

Support and Revenue

Support consists of grants and contributions. Grants and contributions are recorded when promised and any barriers have been overcome. Grants and contributions without donor restrictions are recorded as increases in net assets without donor restrictions. Grants and contributions are restricted as to time or purpose are recorded as increases in net assets with donor restrictions. When a donor restriction expires or is otherwise met, the Organization reclassifies the net assets with restrictions to net assets without restrictions.

Program revenue consists of the program client's contributions to occupancy costs. The Organization measures its performance obligation as a monthly fee under a program agreement. The Organization considers the obligations satisfied in the month of billing. All contract performance obligations were satisfied at December 31, 2025.

Advertising

The Organization uses advertising to promote the markets, events and various programs among the audiences it serves. Advertising is expensed as incurred. Advertising costs totaled $3,900 for the year ended December 31, 2025.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Fair Value of Financial Instruments</u>
The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statement on a recurring basis. GAAP defines fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs.

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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are 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 at the measurement date.

- Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, 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, the same assets in markets that are not active, market corroborated inputs, or discounted cash flows.

- Level 3 – Inputs that are unobservable inputs for the asset or liability, as there is little, if any, related market activity. In these situations, the Organization develops inputs using the best information and informed assumptions available in the circumstances.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

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.

The carrying amount of the following financial instrument's approximate fair value because of their short liquidity and short maturity of the instruments: cash and cash equivalents, accounts receivables, prepaid expenses, inventory, accounts payable, accrued liabilities, and other liabilities.

NOTE 3 – LIQUIDITY AND AVAILABLILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets available within one year of the statement of financial position date for general expenditures as follows:

Cash	$624,220
Grants receivable	32,978
Investments convertible to cash in the next 12 months	140,920
Total financial assets, at year end	798,118
Less amounts restricted for use by donor	(64,072)
	$734,046

Financial assets are considered unavailable when illiquid or not convertible to cash within one year or are assets for other uses. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of operating expenditures (approximately $177,000).

NOTE 4 – BOARD ESTABLISHED ENDOWMENT FUND (UPMIFA state)

The Organization's endowment consists of both donor-restricted funds and unrestricted funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Board's endowment policy, a $25,000 corpus is to be retained, and earnings are to be used for direct homeless costs.

The Organization follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of donor-restricted endowment funds to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 4 – BOARD ESTABLISHED ENDOWMENT FUND (UPMIFA state)(Continued)

Spending Policy. The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long term. The Organization's spending and investment policies work together to achieve these objectives. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to maintain principal balances with modest returns, net of investment fees. Actual returns in any given year may vary. To achieve this objective, all funds are kept in a bank account with a financial institution.

All gains, losses, and contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes. Income produced from the fund is reported as unrestricted investment revenue in the statement of activities.

Endowment net asset composition by type as of December 31, 2025, follows (Level 1 Measurement):

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 113,285		$ 113,285
Donor-restricted endowment funds			
Original amount required by donor to be maintained in perpetuity		$ 8,042	8,042
Subject to NFP spending policy and appropriations			
Total endowment funds	$ 113,285	$ 8,042	$ 121,327

Investment return include interest and dividends, net of investment fees, and realized/unrealized gains (losses). The return on endowment fund investments for the year ended December 31, 2025, is detailed as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends & interest	$ 1,884		$ 1,884
Realized gains	554		554
Unrealized gains	11,459		11,459
Investment fees	(1,044)		(1,044)
Investment return	$ 12,853		$12,853

Changes in endowment net assets as of December 31, 2025, are as follows:

Beginning of year	$ 100,432	$ 8,042	$ 108,474
Net investment return	12,853		12,853
Ending endowment net assets	$ 113,285	$ 8,042	$ 121,327

NOTE 5 – INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosure. The following presents the fair value hierarchy for the balances of the assets and contra liabilities of the Organization measured at a fair value on a recurring basis as of December 31, 2025.

		Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3	Total
Treasury obligation backed Money market	6,917	6,917			6,917
Mutual Funds – Equities	75,066	75,066			75,066
Mutual Funds – Fixed income	120,243	120,243			120,243
Exchange traded – Equities	65,025	65,025			65,025
Exch traded – Fixed income	58,251	58,251			58,251
	$ 325,502	$ 325,502			$ 325,502

Investment return include interest and dividends, net of investment fees, and realized/unrealized gains (losses). The return on undesignated investments for the year ended December 31, 2025, is detailed as follows:

Dividends & interest	$ 9,584
Unrealized gains	23,673
Realized gains	2,252
Investment fees	(4,569)
Investment return	$ 30,940

Changes in investments as of December 31, 2025 are as follows:

Beginning of year	$ 294,561
Net investment return	30,941
Ending endowment net assets	$ 325,502

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025:

		Useful Lives
Land	$ 189,434	
Buildings	1,470,446	7-30
Building improvements	412,202	5-15
Vehicles	4,802	5
	2,076,884	
Less accumulated depreciation	(325,152)	
	$ 1,751,732	

NOTE 7 – DEFERRED REVENUE

Deferred revenue consists primarily of prepaid rent totaling $4,086 and exchange transactions relating to a 2026 fundraiser, totaling $12,550.

NOTE 8 – LONG-TERM DEBT

Long-term debt at December 31, 2025 consists of the following:

Loan from an unrelated private party to purchase land and a building, The loan is dated July 26, 2013, in the original amount of $260,500 and is payable in monthly installments of $1,718, including interest at 5%, through July 30, 2028, with the balance of the loan due on that date. The loan is secured by deed of trust on land and building.	$ 130,933
Loan from a bank to purchase land and a building. The loan is dated August 31, 2021, in the original amount of $258,750 and is payable in monthly installments of $1,301 at an initial interest rate of 3.49%, for the fifty-nine months, and variable based on the Federal Home Loan Bank of Topeka 5 Year Advanced rate, plus a margin of 2.38%, thereafter, through September 1, 2031, with the balance of the loan due on that date. The loan is secured by a deed of trust on land and a building.	228,453
Loan from a bank to purchase land and a building. The loan is dated January 26, 2023, in the original amount of $461,250 and is payable in monthly installments of $3,141 at an initial interest rate of 6.5%, for fifty-nine months, and variable based on the Federal Home Loan Bank of Topeka 5 Year Advanced rate, plus a margin of 2.38%, thereafter, through January 26, 2033, with the balance of the loan due on that date. The loan is secured by a deed of trust on land and building.	436,792
Loan from a bank to purchase land and a building. The loan is dated March 6, 2025, in the original amount of $305,625 and is payable in monthly installments of $2,232 at an initial interest rate of 7.25% for sixty months. For the following fifty-nine months, payments will be made in the amount of $2,188 at a variable rate based on the Federal Home Loan Bank of Topeka 5 year advanced Rate plus a margin of 2.5%, through March 11, 2034, with the balance of the loan due on that date. The loan is secured by a deed of trust on land and building.	296,906
	1,093,084
Less, current portion of long-term debt	36,566
Long-term debt, net of current portion	$ 1,056,518

NOTE 8 – LONG-TERM DEBT (Continued)

Future maturities of long-term debt are estimated as follows:

Years ending December 31:	
2026	$ 36,566
2027	38,581
2028	126,335
2029	26,261
2030	27,796
Thereafter	837,545
Total	$ 1,093,084

Interest expense associated with long-term debt for the year ended December 31, 2025, totaled $65,146.

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS, BOARD DESIGNATED

Net assets without donor restrictions and board designated were as follows at December 31, 2025:

Endowment:	
Designated by Board of Directors as corpus	$ 16,958
Subject to appropriation and expenditure when a specified event occurs: Direct homeless costs	96,327
Total	$ 113,285

NOTE 10 -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended December 31, 2025 were:

Audit/accounting	$ 4,000
Christmas meals/needs	180
Education to employability	230
Emergency shelter	41,481
Eviction prevention	3,005
Midnight's fund	50
Operation deep freeze expenses	1,196
Overnight advocates	5,000
Senior bed nights	2,544
Shelter meals/nutrition	1,068
Smile with confidence	120
Transitional housing	13,504
Transitional housing improvements	60,000
Families and youth	60,000
	$ 192,378

NOTE 10 -- NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were as follows at December 31, 2025:

Subject to expenditure for specified purpose:	
Audit/accounting	$ 5,000
Christmas meals/needs	5,218
Education to employability	16,279
Eviction prevention	5,413
HSTS (AZ Complete)	10,000
Midnight's fund	568
Operation deep freeze expenses	13,022
Shelter meals/nutrition	2,635
Smile with confidence dental expenses	5,938
	64,073
Endowment:	
Perpetual in nature, not subject to spending policy or appropriations:	
Beneficial interest in assets held by community foundation	8,042
Total	$ 72,115

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets in the form of donated food, clothing, supplies and services are recorded at their estimated values if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation. None of the contributions were donor restricted for 2025. Support from contributed nonfinancial assets for the year ended December 31, 2025, are as follows:

	Revenue Recognized	Utilization in Programs/Activities	Valuation Techniques and Inputs
Cooked and prepared food	$ 64,400	Program services	Based on average prices by the same and similar vendors.
Clothing and household supplies	34,125	Program services	$1 per item.
Discounted maintenance labor	670	Program services	Based on prices billed by vendor for same and similar items.
Discounted audit services	500	Supporting services - Administration	Based on prices billed by vendor for same and similar items.
Space for meetings	1,250	Supporting services - Administration	Based on prices billed by vendor for same and similar items.
	$ 100,945		

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS (Continued)

The Organization utilizes and depends on the services of volunteers to perform a variety of tasks that assist the Organization with specific programs and fundraising. No amounts have been reflected in the financial statements for these services since they did not meet the recognition requirements under generally accepted accounting standards.

NOTE 12 – CONTINGENT LIABILITIES

Contributions and grant awards are subject to agency reviews or audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with donor or grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, are not determinable.

NOTE 13 – REVENUE RISK

From year to year, a significant portion of contributions may be provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors, or contributors may be lost in the near term.

NOTE 14– CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash in banks.

The Federal Deposit Insurance Corporation (FDIC) secures accounts in an insured institution up to $250,000 per depositor. On December 31, 2025, the Organization had deposits of $565,451 exceeding FDIC insurance level. The Organization places its accounts in high quality institutions and does not require collateral on amounts greater than FDIC insurance.

NOTE 15 – SUBSEQUENT EVENTS

The Organization did not have any subsequent events through July 20, 2026, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2025.