

ALIVE!, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2025 and 2024

ALIVE!, Inc.

Financial Statements
June 30, 2025 and 2024

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
ALIVE!, Inc.

Opinion

We have audited the accompanying financial statements of ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”), which comprise the statements of financial position as of June 30, 2025 and 2024; 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 Organization 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements (continued)

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 Organization'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.

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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
January 21, 2026

ALIVE!, Inc.Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash	\$ 530,972	\$ 243,875
Restricted cash	50,190	-
Investments	772,768	1,340,651
Grants receivable	4,497	272,945
Inventory	84,560	165,414
Prepaid expenses	63,173	36,371
Property and equipment, net	303,102	345,395
Right-of-use assets – operating leases	518,017	48,707
Deposits	29,268	7,400
	<u> </u>	<u> </u>
Total assets	<u>\$ 2,356,547</u>	<u>\$ 2,460,758</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 105,162	\$ 160,185
Refundable grant advances	71,868	-
Lease liabilities – operating leases	522,221	49,197
	<u> </u>	<u> </u>
Total liabilities	<u>699,251</u>	<u>209,382</u>
Net Assets		
Without donor restrictions	1,653,296	2,244,768
With donor restrictions	4,000	6,608
	<u> </u>	<u> </u>
Total net assets	<u>1,657,296</u>	<u>2,251,376</u>
Total liabilities and net assets	<u>\$ 2,356,547</u>	<u>\$ 2,460,758</u>

See accompanying notes.

ALIVE!, Inc.

Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,493,054	\$ 4,000	\$ 1,497,054
State and local grants	640,000	-	640,000
Federal grants	288,226	-	288,226
Special fundraising events	172,726	-	172,726
In-kind contributions	1,114,909	-	1,114,909
Investment return, net	80,149	-	80,149
Net assets released from restrictions	6,608	(6,608)	-
Total revenue and support	3,795,672	(2,608)	3,793,064
Expenses			
Program services:			
Food program	2,768,544	-	2,768,544
Family assistance	394,859	-	394,859
ALIVE! House	66,792	-	66,792
Furniture and housewares	96,334	-	96,334
Total program services	3,326,529	-	3,326,529
Supporting services:			
Management and general	801,182	-	801,182
Fundraising	259,433	-	259,433
Total supporting services	1,060,615	-	1,060,615
Total expenses	4,387,144	-	4,387,144
Change in Net Assets	(591,472)	(2,608)	(594,080)
Net Assets, beginning of year	2,244,768	6,608	2,251,376
Net Assets, end of year	\$ 1,653,296	\$ 4,000	\$ 1,657,296

See accompanying notes.

ALIVE!, Inc.

Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,667,230	\$ 20,000	\$ 1,687,230
State and local grants	145,000	-	145,000
Federal grants	1,023,230	-	1,023,230
Special fundraising events	27,107	-	27,107
In-kind contributions	980,489	-	980,489
Investment return, net	167,607	-	167,607
Other income	1,391	-	1,391
Net assets released from restrictions	13,392	(13,392)	-
Total revenue and support	4,025,446	6,608	4,032,054
Expenses			
Program services:			
Food program	3,116,962	-	3,116,962
Family assistance	504,709	-	504,709
Eviction prevention	87,484	-	87,484
ALIVE! House	33,916	-	33,916
Furniture and housewares	55,286	-	55,286
Total program services	3,798,357	-	3,798,357
Supporting services:			
Management and general	658,538	-	658,538
Fundraising	167,503	-	167,503
Total supporting services	826,041	-	826,041
Total expenses	4,624,398	-	4,624,398
Change in Net Assets	(598,952)	6,608	(592,344)
Net Assets, beginning of year	2,843,720	-	2,843,720
Net Assets, end of year	\$ 2,244,768	\$ 6,608	\$ 2,251,376

See accompanying notes.

ALIVE!, Inc.

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

	Program Services					Supporting Services			Total
	Food Program	Family Assistance	ALIVE! House	Furniture and Housewares	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation	\$ 680,714	\$ 34,586	\$ 34,586	\$ 2,906	\$ 752,792	\$ 286,915	\$ 120,613	\$ 407,528	\$ 1,160,320
Payroll taxes	50,596	2,571	2,571	216	55,954	21,540	8,965	30,505	86,459
Employee benefits	30,835	1,545	1,545	132	34,057	13,057	5,468	18,525	52,582
Computer services	11,780	-	-	-	11,780	44,494	7,519	52,013	63,793
Depreciation	44,087	2,239	2,239	188	48,753	18,598	7,812	26,410	75,163
Financial assistance	-	352,561	-	-	352,561	-	-	-	352,561
Food and kitchen supplies	526,646	-	-	-	526,646	-	-	-	526,646
Donated food	809,704	-	-	-	809,704	-	-	-	809,704
Donated materials	-	-	-	80,403	80,403	-	-	-	80,403
Donated rent	158,575	-	-	-	158,575	9,000	9,000	18,000	176,575
Donated contract services	-	-	-	-	-	46,553	-	46,553	46,553
Insurance	23,646	1,201	1,201	101	26,149	9,975	4,190	14,165	40,314
Maintenance	118,890	-	2,357	8,498	129,745	8,345	-	8,345	138,090
Marketing	-	-	-	-	-	7,320	15,682	23,002	23,002
Memberships	100	-	-	-	100	3,406	900	4,306	4,406
Occupancy	263,747	-	-	2,931	266,678	29,970	-	29,970	296,648
Office and other expense	2,952	-	-	-	2,952	9,935	10,096	20,031	22,983
Operating supplies	21,491	76	114	200	21,881	31,164	-	31,164	53,045
Professional fees	5,473	-	10,853	-	16,326	226,246	69,178	295,424	311,750
Staff development	2,550	80	45	759	3,434	14,738	10	14,748	18,182
Utilities	16,758	-	11,281	-	28,039	18,428	-	18,428	46,467
Miscellaneous expenses	-	-	-	-	-	1,498	-	1,498	1,498
Total Expenses	\$ 2,768,544	\$ 394,859	\$ 66,792	\$ 96,334	\$ 3,326,529	\$ 801,182	\$ 259,433	\$ 1,060,615	\$ 4,387,144

See accompanying notes.

ALIVE!, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services						Supporting Services			Total
	Food Program	Family Assistance	Eviction Prevention	ALIVE! House	Furniture and Housewares	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation	\$ 616,885	\$ 6,788	\$ 45,589	\$ 10,819	\$ 2,715	\$ 682,796	\$ 212,879	\$ 84,416	\$ 297,295	\$ 980,091
Payroll taxes	46,542	515	3,601	829	206	51,693	15,811	6,278	22,089	73,782
Employee benefits	30,655	338	2,314	544	135	33,986	10,407	4,268	14,675	48,661
Computer services	960	-	11,492	-	-	12,452	14,573	16,052	30,625	43,077
Depreciation	46,310	510	3,436	813	204	51,273	15,953	6,336	22,289	73,562
Financial assistance	-	496,160	18,618	2,399	-	517,177	-	-	-	517,177
Food and kitchen supplies	1,183,476	-	-	-	-	1,183,476	-	-	-	1,183,476
Donated food	793,478	-	-	-	-	793,478	-	-	-	793,478
Donated materials	-	-	-	-	49,891	49,891	-	-	-	49,891
Donated rent	158,575	-	-	-	-	158,575	9,000	9,000	18,000	176,575
Donated contract services	-	-	-	200	-	200	30,538	-	30,538	30,738
Insurance	19,403	214	1,440	341	85	21,483	6,684	2,655	9,339	30,822
Maintenance	53,811	-	-	5,426	-	59,237	2,428	-	2,428	61,665
Marketing	2,628	-	-	-	-	2,628	5,225	6,909	12,134	14,762
Memberships	-	-	-	-	-	-	2,852	-	2,852	2,852
Occupancy	90,173	-	-	-	2,050	92,223	26,842	-	26,842	119,065
Office and other expense	1,011	-	-	-	-	1,011	16,106	2,554	18,660	19,671
Operating supplies	44,664	37	773	140	-	45,614	9,692	1,160	10,852	56,466
Professional fees	13,317	-	-	605	-	13,922	242,076	27,875	269,951	283,873
Staff development	151	147	221	53	-	572	21,035	-	21,035	21,607
Utilities	14,923	-	-	11,747	-	26,670	16,437	-	16,437	43,107
Total Expenses	\$ 3,116,962	\$ 504,709	\$ 87,484	\$ 33,916	\$ 55,286	\$ 3,798,357	\$ 658,538	\$ 167,503	\$ 826,041	\$ 4,624,398

See accompanying notes.

ALIVE!, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ (594,080)	\$ (592,344)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	75,163	73,562
Net unrealized and realized gain on investments	(52,897)	(118,582)
Loss on disposal of property and equipment	-	1,938
Amortization of right-of-use assets – operating leases	153,247	72,653
Donated securities	(68,932)	(7,252)
Donated property and equipment	(27,870)	-
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants receivable	268,448	(226,925)
Inventory	80,854	60,057
Prepaid expenses	(26,802)	(10,934)
Deposits	(21,868)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(55,023)	(978)
Refundable grant advances	71,868	(577,469)
Lease liabilities – operating leases	(149,533)	(74,723)
Net cash used in operating activities	(347,425)	(1,400,997)
Cash Flows from Investing Activities		
Purchases of investments	(494,185)	(1,027,069)
Proceeds from sale of investments	1,183,897	2,454,763
Purchases of property and equipment	(5,000)	(4,937)
Net cash provided by investing activities	684,712	1,422,757
Net Increase in Cash	337,287	21,760
Cash, beginning of year	243,875	222,115
Cash, end of year	\$ 581,162	\$ 243,875
Noncash Transaction Arising from ASC 842:		
Establishment of right-of-use assets – operating leases	\$ 622,557	\$ 35,990
Establishment of lease liabilities – operating leases	\$ 622,557	\$ 35,990

See accompanying notes.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

1. Nature of Operations

ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”) is a nonprofit organization that was incorporated in 1969 under the laws of the Commonwealth of Virginia to help people faced with emergency situations or long-term needs become capable of assuming self-reliant roles in the community. The Organization serves thousands of Alexandrians monthly with shelter; financial help for rent, utilities, medical care, and other critical needs; emergency food; and deliveries of donated furniture and housewares.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, 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. The Organization reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Restricted Cash

In connection with its office lease, the Organization is required to maintain a letter of credit in the amount of \$50,000, which is secured by a restricted cash account. The letter of credit is required to remain in effect throughout the term of the lease and to expire no earlier than 90 days following the lease expiration date. The balance in the restricted cash account was \$50,190 as of June 30, 2025, and is presented as restricted cash in the accompanying statements of financial position. The balance includes interest income earned during the year ended June 30, 2025.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses, net of investment fees, are reported in net investment return in the accompanying statements of activities. Money market and short-term investment funds, held as a portion of the Organization's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under various grant agreements. All grants receivable are expected to be collected within one year and are recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible at June 30, 2025 and 2024.

Inventory

Inventory is comprised of donated and purchased items and is valued using an estimated market valuation rate.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 40 years. Expenditures for repairs and maintenance are expensed as incurred.

Operating Leases

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (ROU) assets, which 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 arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Operating Leases (continued)

The ROU assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to separately account for lease and non-lease components and did not elect the practical expedient to combine them. The Organization made an accounting policy election under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, not to recognize ROU assets and lease liabilities for short-term leases with a term of 12 months or less.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization recognizes contributions and grants as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Cost-reimbursable grants, including federal, state, and local grants, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the accompanying statements of financial position.

The Organization records special fundraising events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

The Organization also receives services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of program and supporting services are reflected in the statements of activities according to their functional allocations as shown in the accompanying statements of functional expenses. The allocation of costs on these schedules is based on the programs and supporting services benefited. Accordingly, costs that directly benefit a specific program or supporting service (i.e., direct costs) are allocated directly to them, whereas other (indirect) costs are allocated across programs and services on the basis of estimates of staff time and effort.

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 those estimates.

Subsequent Events

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

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

3. Liquidity and Availability

The Organization has established a reserve policy to maintain financial assets to cover operating expenses. As part of this liquidity management, management periodically reviews the Organization's liquid asset needs and adjusts the cash balance as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2025	2024
Cash	\$ 530,972	\$ 243,875
Investments	772,768	1,340,651
Grants receivable	4,497	272,945
Total financial assets	1,308,237	1,857,471
Less: restricted by donors	(4,000)	(6,608)
Total available for general expenditures	\$ 1,304,237	\$ 1,850,863

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

5. Investments and Fair Value Measurements

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2025:</u>				
Money market funds	\$ 37,095	\$ -	\$ -	\$ 37,095
Mutual funds	168,985	-	-	168,985
Treasury notes	566,688	-	-	566,688
Total investments	\$ 772,768	\$ -	\$ -	\$ 772,768
<u>2024:</u>				
Money market funds	\$ 103,233	\$ -	\$ -	\$ 103,233
Mutual funds	521,018	-	-	521,018
Treasury notes	716,400	-	-	716,400
Total investments	\$ 1,340,651	\$ -	\$ -	\$ 1,340,651

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

5. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended June 30:

	2025	2024
Interest and dividends	\$ 27,252	\$ 49,025
Net unrealized and realized gain	52,997	118,607
Less: investment fees	(100)	(25)
Total investment return, net	<u>\$ 80,149</u>	<u>\$ 167,607</u>

The Organization's investment portfolio is not actively managed, rather it is self-directed; therefore, the Organization did not incur any significant investment fees for the years ended June 30, 2025 and 2024.

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2025	2024
Land	\$ 28,039	\$ 28,039
Building	685,887	685,887
Vehicles	242,836	214,965
Furniture and equipment	137,168	132,168
Total property and equipment	1,093,930	1,061,059
Less: accumulated depreciation	(790,828)	(715,664)
Property and equipment, net	<u>\$ 303,102</u>	<u>\$ 345,395</u>

7. Net Assets With Donor Restrictions

All net assets with donor restrictions were restricted for *Furniture Program Fund* at June 30, 2025, and for *Capacity Building Program* at June 30, 2024.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

8. Commitment and Contingencies

Operating Leases

Office Lease – 619 South Pickett Street, Alexandria, Virginia

In October 2024, the Organization entered into a lease agreement for office space in Alexandria, Virginia. The lease commenced on November 1, 2024, and is set to expire on May 31, 2027. The lease provides for base monthly payments of \$20,610, with annual rent increases of 3%. The lease includes a refundable security deposit in the amount of \$21,868, which is included in deposits in the accompanying statements of financial position as it is not considered part of lease payments under ASC Topic 842, *Leases*.

In connection with this office lease, the Organization is required to maintain a letter of credit in the amount of \$50,000, which is secured by a restricted cash account. The letter of credit is required to remain in effect throughout the term of the lease and to expire no earlier than 90 days following the lease expiration date. The balance in the restricted cash account was \$50,190 as of June 30, 2025, and is presented as restricted cash in the accompanying statements of financial position. The balance includes interest income earned during the year ended June 30, 2025.

Office Lease – 2723 King Street, Alexandria, Virginia

The Organization maintains a lease agreement for office space in Alexandria, Virginia, which is renewed annually. Monthly rent for this lease was \$2,500 and \$2,367 during the years ended June 30, 2025 and 2024, respectively. Total lease payments were \$29,970 and \$26,842 for the years ended June 30, 2025 and 2024, respectively. The Organization has elected not to apply the recognition provisions of ASC Topic 842, *Leases*, to short-term leases, defined as leases with a term of 12 months or less.

The estimated fair market rent for the leased space exceeds the amounts paid by approximately \$18,000 annually. Accordingly, the Organization recognized \$18,000 of in-kind contribution revenue and a corresponding in-kind rent expense for each of the years ended June 30, 2025 and 2024.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

8. Commitment and Contingencies (continued)

Operating Leases (continued)

Food Hub Leases

In January 2022, the Organization entered into a lease agreement for food hub space in Alexandria, Virginia, which commenced on March 1, 2022, and expired on February 28, 2024. The lease provided for base monthly rent of \$2,845. During fiscal year 2024, the lease was extended to February 28, 2025, with a base monthly rent of \$3,076. During fiscal year 2025, the lease was further extended to February 28, 2026, with the same base monthly rent of \$3,076.

The Organization maintains a lease agreement for food hub space at a different location in Alexandria, Virginia, which is set to expire on January 31, 2026. Monthly rent for the year ended June 30, 2025 was \$3,700.

Donated Warehouse Space

Additionally, the Organization received donated warehouse space valued at \$158,575, which was recognized as in-kind revenue and expense for both years ended June 30, 2025 and 2024.

Supplemental qualitative information related to all operating leases were as follows as of, and for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 206,988	\$ 61,935
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$ 195,683	\$ 58,108
ROU assets obtained in exchange for lease obligations	\$ 622,557	\$ 35,990
Weighted-average remaining lease term (in years)	1.8	0.6
Weighted-average discount rate	3.88%	4.58%

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

8. Commitment and Contingencies (continued)

Operating Leases (continued)

Maturities of the lease liabilities under the operating leases are as follows for the years ending June 30:

2026	\$	302,816
2027		<u>238,007</u>
Total minimum lease payments		540,823
Less: discount to present value at 3.88%		<u>(18,602)</u>
Present value of operating lease liabilities	\$	<u><u>522,221</u></u>

Government Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

The Organization expended less than \$750,000 in federal awards during the year ended June 30, 2025. Accordingly, the Organization was not subject to the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended June 30, 2025. However, the records of the Organization remain subject to review or audit by appropriate officials of the federal awarding agency, pass-through entity, and the U.S. Government Accountability Office (GAO).

9. Retirement Plan

The Organization provides a retirement plan for its employees through a Section 403(b) defined contribution plan. The plan covers all eligible employees upon completion of one year of service. The Organization contributes an amount equal to 2% of salaries for those employees with one to five years of service and 5% thereafter for each eligible employee. Retirement plan contributions for the years ended June 30, 2025 and 2024 were \$15,107 and \$9,469, respectively.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2025 and 2024

10. In-Kind Contributions

In-kind contributions included the following, that benefit both program and supporting services, for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Donated food	\$ 826,939	\$ 734,562
Donated rent	176,575	176,575
Donated contract services	46,553	30,738
Donated materials	36,971	38,614
Donated vehicles	27,871	-
	<u> </u>	<u> </u>
Total in-kind contributions	<u>\$ 1,114,909</u>	<u>\$ 980,489</u>

The Organization received in-kind contributions of nonfinancial assets from individual donors and other sources during the years ended June 30, 2025 and 2024. These contributions consisted primarily of donated food, rent, materials, and equipment, which were utilized in support of the Organization's community assistance programs and activities.

The Organization also received donated contract services during the years ended June 30, 2025 and 2024, that are specialized in nature, can be reasonably estimated, and would otherwise have been purchased. These contributed services likewise supported the Organization's community assistance programs and activities.

The difference between in-kind contributions and in-kind expenses is included in inventory, and property and equipment, which includes both donated and purchased items.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Organization is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2025 and 2024, as the Organization had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.