



ASSETS LANCASTER

**Financial Statements and
Independent Auditor's Report**

June 30, 2025

Your Financial Language...Translated.

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YOUR FINANCIAL LANGUAGE, TRANSLATED.



CPAS & BUSINESS ADVISORS



**CPAs &
Business Advisors**

Your Financial Language...Translated.

Independent Auditors' Report

To the Board of Directors
ASSETS Lancaster
Lancaster, Pennsylvania

Opinion

We have audited the accompanying financial statements of ASSETS Lancaster (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 ASSETS Lancaster 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ASSETS Lancaster 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

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 ASSETS Lancaster's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

EMC CPAs LLC

January 9, 2026
Lancaster, Pennsylvania

ASSETS Lancaster

Statements of Financial Position

See Independent Auditor's Report

	Years Ended June 30,	
	2025	(Restated) 2024
Assets		
Current Assets		
Cash	\$ 431,360	\$ 923,109
Contract receivables	500	1,995
Notes receivable, microloans (net of allowance for uncollectible accounts of \$45,321 and \$23,390 for 2025 and 2024, respectively)	110,087	115,513
Prepaid expenses	16,618	24,716
Total Current Assets	558,565	1,065,333
Property and Equipment, at Cost		
Office furniture	65,847	65,847
Computer equipment	39,708	39,708
Leasehold improvements	265,295	265,295
Less accumulated depreciation and amortization	(137,743)	(103,101)
Net Property and Equipment	233,107	267,749
Other Assets		
Security deposit	9,232	9,232
Software, net of accumulated amortization	6,525	20,513
Operating lease right-of-use asset	156,962	262,716
Notes receivable, microloans, long-term	146,649	219,604
Total Other Assets	319,368	512,065
Total Assets	\$ 1,111,040	\$ 1,845,147

See accompanying notes.

ASSETS Lancaster

Statements of Financial Position (continued)

See Independent Auditor's Report

	Years Ended June 30, (Restated)	
	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Notes payable	\$ 56,711	\$ 56,626
Line of credit	60,000	120,000
Accounts payable	20,859	7,560
Accrued payroll	44,932	32,214
Deferred grant revenue	567,990	583,333
Operating lease liability	108,980	105,754
Compensated absences	46,996	32,468
Total Current Liabilities	906,468	937,955
Long-Term Liabilities		
Notes payable	30,137	56,164
Operating lease liability	47,982	156,962
Total Long-Term Liabilities	78,119	213,126
Total Liabilities	984,587	1,151,081
NET ASSETS		
Without donor restrictions	55,839	74,031
With donor restrictions	70,614	620,035
Total Net Assets	126,453	694,066
Total Liabilities and Net Assets	\$ 1,111,040	\$ 1,845,147

See accompanying notes.

ASSETS Lancaster

Statements of Activities

See Independent Auditor's Report

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>
Public Support and Other Income			
Government Grants			
State and local grants	\$ 210,718	\$ 20,000	\$ 230,718
Federal grants	325,949	-	325,949
Contributions and Other Grants			
Foundation grants	173,735	35,000	208,735
Corporate contributions	302,213	-	302,213
Individual contributions	83,459	-	83,459
In-kind contributions	3,175	-	3,175
Other Income			
Program income	8,030	-	8,030
Interest income	18,907	-	18,907
Miscellaneous income	1,961	-	1,961
	<u>1,128,147</u>	<u>55,000</u>	<u>1,183,147</u>
Expenses			
Program services	1,205,882	-	1,205,882
Management and general	404,522	-	404,522
Fundraising	140,356	-	140,356
	<u>1,750,760</u>	<u>-</u>	<u>1,750,760</u>
Total Public Support and Other Income in (Deficiency) Excess of Expenses	(622,613)	55,000	(567,613)
Other Changes in Net Assets			
Net assets released from restrictions	<u>604,421</u>	<u>(604,421)</u>	<u>-</u>
	<u>\$ (18,192)</u>	<u>\$ (549,421)</u>	<u>\$ (567,613)</u>
Net Assets, Beginning			
	\$ 74,031	\$ 620,035	\$ 694,066
Change in Net Assets	<u>(18,192)</u>	<u>(549,421)</u>	<u>(567,613)</u>
Net Assets, Ending	<u>\$ 55,839</u>	<u>\$ 70,614</u>	<u>\$ 126,453</u>

See accompanying notes.

ASSETS Lancaster

Statements of Activities (continued)

See Independent Auditor's Report

	Without Donor Restrictions	With Donor Restrictions	(Restated) 2024 Totals
Public Support and Other Income			
Government Grants			
State and local grants	\$ 15,500	\$ 20,000	\$ 35,500
Federal grants	676,014	-	676,014
Contributions and Other Grants			
Foundation grants	234,983	45,050	280,033
Corporate contributions	285,800	-	285,800
Individual contributions	98,364	-	98,364
In-kind contributions	3,720	-	3,720
Other Income			
Program income	19,910	-	19,910
Interest income	<u>26,290</u>	<u>-</u>	<u>26,290</u>
Total Public Support and Other Income	<u>1,360,581</u>	<u>65,050</u>	<u>1,425,631</u>
Expenses			
Program services	986,706	-	986,706
Management and general	374,511	-	374,511
Fundraising	<u>116,787</u>	<u>-</u>	<u>116,787</u>
Total Expenses	<u>1,478,004</u>	<u>-</u>	<u>1,478,004</u>
Total Public Support and Other Income in (Deficiency) Excess of Expenses	(117,423)	65,050	(52,373)
OTHER CHANGES IN NET ASSETS			
Net assets released from restrictions	<u>404,235</u>	<u>(404,235)</u>	<u>-</u>
Change in Net Assets	<u>\$ 286,812</u>	<u>\$ (339,185)</u>	<u>\$ (52,373)</u>
Net Assets, Beginning	\$ (212,781)	\$ 959,220	\$ 746,439
Change in Net Assets	<u>286,812</u>	<u>(339,185)</u>	<u>(52,373)</u>
Net Assets, Ending	<u>\$ 74,031</u>	<u>\$ 620,035</u>	<u>\$ 694,066</u>

See accompanying notes.

ASSETS Lancaster

Statements of Functional Expenses

See Independent Auditor's Report

	Program Services	Management and General	Fundraising	2025 Totals
Wages	\$ 615,561	\$ 175,875	\$ 87,937	\$ 879,373
Health insurance	91,722	26,206	13,103	131,031
Payroll taxes	54,735	15,638	7,819	78,192
Retirement plan contributions	16,623	4,750	2,375	23,748
Staff development and travel	10,837	3,096	1,548	15,481
Depreciation and amortization	-	48,630	-	48,630
Bad debt expense	42,951	-	-	42,951
Interest expense	6,633	-	-	6,633
Repairs and maintenance	9,381	-	2,345	11,726
Insurance	6,079	1,737	868	8,684
Rent	-	110,784	-	110,784
Telephone	7,289	2,083	1,041	10,413
Program expenses	174,875	-	-	174,875
Program development	73,654	-	7,807	81,461
Miscellaneous	-	-	7,478	7,478
Office expense	36,196	-	174	36,370
Postage	40	-	-	40
Professional fees	44,334	12,667	6,333	63,334
Consulting	4,275	-	-	4,275
Administrative expenses	4,003	1,144	572	5,719
Registration and memberships	6,694	1,912	956	9,562
Total Expenses	\$ 1,205,882	\$ 404,522	\$ 140,356	\$ 1,750,760

See accompanying notes.

ASSETS Lancaster

Statements of Functional Expenses (continued)

See Independent Auditor's Report

	Program Services	Management and General	Fundraising	2024 Totals
Wages	\$ 557,426	\$ 159,265	\$ 79,632	\$ 796,323
Health insurance	75,125	21,464	10,732	107,321
Payroll taxes	47,053	13,444	6,722	67,219
Retirement plan contributions	16,063	4,590	2,295	22,948
Staff development and travel	9,466	2,705	1,352	13,523
Depreciation and amortization	-	49,551	-	49,551
Bad debt expense	27,130	-	-	27,130
Interest expense	21,683	-	-	21,683
Repairs and maintenance	9,792	-	2,448	12,240
Insurance	8,760	2,503	1,252	12,515
Rent	-	110,784	-	110,784
Telephone	7,191	2,054	1,027	10,272
Program expenses	88,365	-	-	88,365
Program development	49,972	-	6,705	56,677
Miscellaneous	-	-	704	704
Office expense	38,381	-	416	38,797
Postage	66	-	-	66
Professional fees	16,781	4,795	2,397	23,973
Consulting	5,720	-	-	5,720
Administrative expenses	3,125	893	447	4,465
Registration and memberships	4,607	1,316	658	6,581
Loss on disposal of fixed assets	-	1,147	-	1,147
Total Expenses	<u>\$ 986,706</u>	<u>\$ 374,511</u>	<u>\$ 116,787</u>	<u>\$ 1,478,004</u>

See accompanying notes.

ASSETS Lancaster

Statements of Cash Flows

See Independent Auditor's Report

	Years Ended June 30, (Restated)	
	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ (567,613)	\$ (52,373)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities		
Depreciation and amortization	48,630	49,551
Loss on disposal of assets	-	1,147
(Increase) decrease in:		
Contract receivables	1,495	186
Notes receivable, microloans (net of allowance for uncollectible account)	78,381	(155,665)
Prepaid expenses	8,098	(12,450)
Increase (decrease) in:		
Accounts payable	13,299	2,581
Accrued payroll	12,718	(9,054)
Deferred grant revenue	(15,343)	583,333
Compensated absences	14,528	(7,602)
Cash (Used) Provided by Operating Activities	(405,807)	399,654
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(8,588)
Cash Flows from Financing Activities		
Payments on long-term debt	(25,942)	(25,858)
Borrowings on line of credit, net of repayments	(60,000)	(120,000)
Cash Used by Financing Activities	(85,942)	(145,858)
Net (Decrease) Increase in Cash	(491,749)	245,208
Cash at Beginning of Year	923,109	677,901
Cash at End of Year	\$ 431,360	\$ 923,109
Schedule of Supplemental Cash Flow Information		
Cash paid during the year for interest	\$ 6,633	\$ 21,683

See accompanying notes.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 1 - Organization Data

ASSETS Lancaster (the "Organization") is a nonprofit organization whose purpose is to create economic opportunity and cultivate entrepreneurial leadership to alleviate poverty and build vibrant, sustainable communities. The Organization does this by providing business development services including training, mentoring, technical assistance and lending to underrepresented entrepreneurs and social enterprises in South Central Pennsylvania, with a focus on Lancaster County and Lancaster City. The Organization was incorporated as a Pennsylvania not-for-profit corporation in October 1995.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Restatement

The Organization determined that the deferred grant revenue in the previously issued financial statements was misstated. Due to this discovery, the Organization has restated the statement of financial position, statement of activities, and cash flows for the year ended June 30, 2024, to the below stated values:

	Restatement	Previous Balance
Deferred grant revenue	\$ 583,333	\$ 650,000
Federal grants	\$ 676,014	\$ 609,347
Net assets, ending	\$ 694,066	\$ 627,399

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 2 - Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions

The use of net assets with donor restrictions is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in net assets without donor restrictions. Satisfaction of donor-imposed stipulations that simultaneously increase net assets without donor restrictions and decrease net assets with donor restrictions are reported as reclassifications. Donor restricted revenue received and expended during the same fiscal year is recorded as revenue without donor restrictions in the statement of activities.

Revenue Recognition

Contracts with customers consist of training, consulting, probationary placements and payroll processing. The Organization recognizes revenue at the end of each billing period, at which time the customer receives an invoice for services performed throughout the period.

At July 1, 2023, the balance of contract receivables was \$2,181.

In-Kind Contributions

Local businesses provided in-kind contributions to ASSETS Lancaster through services performed at discounted rates. The Organization recognizes this discount as in-kind contributions at fair value. In-kind contributions recognized at June 30, were as follows:

	2025	2024
Consulting	\$ 2,175	\$ 3,720
Professional development	1,000	-
Total	\$ 3,175	\$ 3,720

Contributed Services

A number of unpaid volunteers have made significant contributions of time to the Organization for the purpose of providing training, mentoring and technical assistance to the entrepreneurs in the Organization's development courses. In accordance with the accrual basis of accounting described above, the Organization has not recorded the value of these contributed services in the accompanying financial statements.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 2 - Summary of Significant Accounting Policies (continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

For purposes of reporting the statement of cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at approximate fair value at the date of donation. The Organization capitalizes property and equipment costing in excess of \$500. Expenditures for maintenance and repairs that materially improve or extend the life of assets are also capitalized.

Depreciation of property and equipment is computed on the straight-line method. Estimated lives are generally as follows:

Office furniture	5 years
Computer equipment	5 to 7 years
Leasehold improvements	15 years

Depreciation expense for the years ended June 30, 2025 and 2024, was \$34,642 and \$35,563, respectively.

Intangibles

Intangibles are comprised of computer software purchased during the year ended June 30, 2024, in the amount of \$41,963. Software purchases are amortized over three years. Amortization expense was \$13,988 for each of the years ended June 30, 2025 and 2024.

Expected future amortization for the year ended June 30 are as follows:

2026	\$ 6,525
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ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred grant revenue

During the years ended June 30, 2025 and 2024, the Organization received grants from 2 grantors of which conditions for recognition on the statements of activities have not yet been met as of June 30, 2025 or 2024.

Functional Allocation of Expenses

Direct expenses are assigned to the functional expense classifications to which they apply. Management, overhead, and general and administrative costs which are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to the Organization's existence, are allocated to those program and supporting services which benefit from the expenses. The allocation percentages are reviewed annually for reasonableness.

Income Tax Status

The Organization is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code.

Tax returns are open for examination by the Internal Revenue Service for three years from the due date of the returns. The tax years subject to examination by the state jurisdiction are unlimited. The Organization has evaluated its tax filings for the open tax years for uncertain tax positions.

Management's Evaluation of Subsequent Events

Events that occurred subsequent to June 30, 2025, have been evaluated by the Organization's management through January 9, 2026, which is the date the financial statements were available to be issued.

Note 3 - Concentrations

Credit Risk

The Organization maintains its cash at financial institutions located in South Central Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA), both up to \$250,000. The Organization had balances in excess of the FDIC or NCUA insurance limits of \$106,330 and \$325,437 at June 30, 2025 and 2024, respectively.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 3 - Concentrations (continued)

Support and Revenue

During the year ended June 30, 2025, approximately 18.0% of total support and revenue was attributable to one grantor. During the year ended June 30, 2024, approximately 35.7% of total support and revenue was attributable to one grantor.

Note 4 - Notes Receivable, Microloans

The Organization provides notes receivable in the form of microloans in the following categories:

Small Business Loans

Small Business Loans provide funding between \$600 and \$10,000 to new and existing small business owners. These loans bear interest at rates between 8.0% and 8.5% and have various maturity dates through April 2029. During the years ended June 30, 2025 and 2024, the Organization held two separate notes payable that required maintenance of separate bank accounts to be held for collateral. These accounts held balances of \$78,855 and \$74,559 at June 30, 2025 and 2024, respectively.

Social Impact Loans

Social Impact Loans provide funding between \$10,000 and \$50,000 to established small business owners who are committed to becoming B-Corporation certified within 12 months of receiving Social Impact Loan funding. Social Impact Loans are unsecured and have various maturity dates through April 2029. The microloans bear interest at rates between 8.0% and 13.5%.

Reinventing Our Community Loans

Reinventing Our Community (ROC) Loans provide funding between \$5,500 and \$10,000 to business owners who were disproportionately affected by the COVID-19 pandemic and those who have been systematically oppressed. ROC loans provide a grant of 30% of the principal loan balance at time of loan disbursement. ROC loans are unsecured and have various maturity dates through March 2028. ROC loans bear interest rates of 1.0%.

Small Dollar Loans provide funding for 12 months up to \$2,500 to new and existing business owners. Small Dollar Loans are unsecured and have various maturity dates through May 2025. Remaining Small Dollar Loans are considered past due, but are still considered collectible. Small Dollar Loans bear an interest rate of 0.0%.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 4 - Notes Receivable, Microloans (continued)

Balances of notes receivable by category of program as of June 30, are as follows:

	2025	2024
Small Business Loans	\$ 26,465	\$ 22,852
Social Impact Loans, unsecure	47,894	90,323
ROC	227,281	243,040
Equipment Loans	417	2,292
Subtotal	302,057	358,507
Less: Loan loss reserve	(45,321)	(23,390)
Total	\$ 256,736	\$ 335,117

Maturities of notes receivable are as follows at June 30:

2026	\$ 155,408
2027	113,621
2028	31,404
2029	1,624
Total	\$ 302,057

Changes to the loan loss reserve for the years ended June 30 are as follows:

	2025	2024
Beginning Balance	\$ 23,390	\$ 7,330
Provision for loan losses	41,887	26,380
Write-off of uncollectible loans, net of recoveries	(19,956)	(10,320)
Ending Balance	\$ 45,321	\$ 23,390

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 4 - Notes Receivable, Microloans (continued)

Credit Losses

The Organization maintains a cash reserve for loan losses as follows:

- The Organization maintains additional cash reserves to total at least 15% of all loans outstanding as a cash reserve against potential losses.
- The Organization makes periodic credit reviews of the loan portfolio and considers current economic conditions, historical loan loss experience and other factors to determine whether to write off a loan. During the years ended June 30, 2025 and 2024, the Organization wrote off \$19,956 and \$10,320, respectively, of loans as uncollectible, net of recoveries.

Credit Quality Considerations

The Organization provides micro-lending to new business entrepreneurs who may not possess the credit history required to qualify for bank financing. Therefore, the credit policies may result in more risks than traditionally used by banks and other financial institutions. The Organization does not measure credit quality in accordance with standards such as those ratings identified in Moody's Investor Services. Credit quality indicators and related risk ratings are updated for individual borrowers on an as-needed basis and at least annually at year-end.

Regulatory Requirement Considerations

The Organization is subject to regulatory requirements to maintain a minimum of 15% loan loss reserve on certain loan products.

The Organization has utilized the following risk assessment model to estimate its allowance for credit losses as of June 30, 2025:

<u>Risk Category</u>	<u>Loan Balances</u>	<u>Reserve Percentage</u>	<u>Reserve Amount</u>
Moderate	\$ 302,057	15.00%	\$ 45,321

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 4 - Notes Receivable, Microloans (continued)

The Organization has utilized the following risk assessment model to estimate its allowance for credit losses as of June 30, 2024:

<u>Risk Category</u>	<u>Loan Balances</u>	<u>Reserve Percentage</u>	<u>Reserve Amount</u>
Very low	\$ 206,024	0.75%	\$ 1,545
Low	7,809	2.91%	227
Moderate	144,117	15.00%	21,618
Miscellaneous	557	Various	-
Total	\$ 358,507		\$ 23,390

Note 5 - Compensated Absences

Full-time employees of the Organization are entitled to paid time off depending on length of service and other factors. Paid time off cannot be carried over from one calendar year to the next. At June 30, 2025 and 2024, the liability for compensated absences amounted to \$46,996 and \$32,468, respectively.

Note 6 - Line of Credit

The Organization has a line of credit with a local financial institution with a borrowing limit of \$300,000. The line is secured by accounts receivable, inventory, general intangibles, and property and equipment. The interest rate is based on the bank's prime rate, subject to a floor of 5.50%. The applicable interest rate in effect was 8.50% and 9.50% at June 30, 2025 and 2024, respectively. The Organization had a balance of \$60,000 and \$120,000 on their line of credit as of June 30, 2025 and 2024, respectively.

Note 7 - Notes Payable

During the year ended June 30, 2018, the Organization obtained an unsecured non-interest-bearing note payable from a local government for \$30,940. No discount has been recognized on this note. Management believes this departure from generally accepted accounting principles is immaterial to the financial statements taken as a whole. The loan is payable upon demand within 90 days of receiving written notice from the payee.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 7 - Notes Payable (continued)

In August 2016, the Organization obtained a SBA micro-lending loan note payable with a maximum amount of \$125,000. Proceeds for the note payable must be used to relend to eligible small business concerns. The note is payable 120 months from the date of the note, with variable interest accruing between 0% and 1.125% per annum, based on certain performance criteria within the portfolio. The note payable is secured by all funds held in the Microloan Revolving Fund, a security interest in all funds held in the Loan Loss Reserve Fund, and in all microloans made as a result of funding received under the Microloan Program. At June 30, 2025 and 2024, the balance on this note payable was \$18,056 and \$32,500, respectively.

In August 2018, the Organization obtained a SBA micro-lending loan note payable with a maximum amount of \$100,000. Proceeds for the note payable must be used to relend to eligible small business concerns. The note is payable 120 months from the date of the note, with variable interest accruing between 0.75% and 2.75% per annum, based on certain performance criteria within the portfolio. The note payable is secured by all funds held in the Microloan Revolving Fund, a security interest in all funds held in the Loan Loss Reserve Fund, and in all microloans made as a result of funding received under the Microloan Program. At June 30, 2025 and 2024, the balance on this note payable was \$37,852 and \$49,350, respectively.

Notes payable consist of the following at June 30:

	2025		2024	
	<u>Balance</u>	<u>Current Portion</u>	<u>Balance</u>	<u>Current Portion</u>
Note payable, governmental agency, unsecured	\$ 30,940	\$ 30,940	\$ 30,940	\$ 30,940
Notes payable, governmental agency, secured	55,908	25,771	81,850	25,686
Total notes payable	86,848	<u>\$ 56,711</u>	112,790	<u>\$ 56,626</u>
Less current portion	<u>56,711</u>		<u>56,626</u>	
Total long-term debt	<u>\$ 30,137</u>		<u>\$ 56,164</u>	

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

See Independent Auditor's Report

Note 7 - Notes Payable (continued)

Maturities of notes payable are as follows at June 30:

2026	\$	56,711
2027		15,023
2028		11,498
2029		3,616
Total	\$	86,848

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of Community Development Financial Institution (CDFI) grants at June 30, 2025. The CDFI grant represents a grant of \$500,000 for the year ended June 30, 2024, to support the expansion of the Organization's microlending.

During the year ended June 30, 2023, the Organization received a CDFI Technology Grant in the amount of \$100,000 to support the technological advancement of the Organization.

Net assets with donor restrictions also consisted of Pennsylvania Community Development Financial Institution (PA CDFI) grants at June 30, 2025. The PA CDFI grant represents a grant of \$90,469 and \$232,941 for the years ended June 30, 2023 and 2022, respectively, to support the expansion of the Organization's microlending.

During the years ended June 30, 2025 and 2024, the Organization received City of Lancaster CDBG grants of \$20,000 each, restricted for use to support the expansion of the Organization's microlending.

During the year ended June 30, 2025, the Organization received foundation grants totaling \$55,000 restricted for use within the entrepreneur training programs.

During the year ended June 30, 2024, the Organization received foundation grants of \$42,500 restricted for use within the Idea Incubator programs.

During the years ended June 30, 2025 and 2024, the Organization received foundation grants of \$28,235 and \$2,550, respectively, to support the technological advancement of the Organization.

During the year ended June 30, 2025, the Organization received a foundation grant of \$10,000 restricted for use of improving language access.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

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Note 8 - Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions were as follows for June 30:

	2025	2024
CDFI grants	\$ -	\$ 205,057
CDFI technology grant	-	26,518
PA CDFI grants	-	323,410
Entrepreneur training	55,000	-
City of Lancaster CDBG grant	-	20,000
Idea Incubator grants	-	42,500
Technology grants	15,614	2,550
Total	\$ 70,614	\$ 620,035

Note 9 - Retirement Plan

The Organization has a SIMPLE IRA retirement plan for employees. The Organization provides a matching benefit up to 3% of employee contributions. Total retirement plan expense for the years ended June 30, 2025 and 2024, was \$23,748 and \$22,948, respectively.

Note 10 - Operating Leases

The Organization had a lease for a copier with a monthly payment of \$151, for a lease term from November 2017 to October 2022. The lease was renewed to October 2027. During the year ended June 30, 2023, the lease was amended to reflect monthly payments of \$97 through April 2028. Total lease expense for each of the years ended June 30, 2025 and 2024, was \$1,158, and is included in office expense in the statements of functional expenses.

The Organization has a lease for office space with a monthly payment of \$9,232, for a lease term from December 2021 to November 2026. Total lease expense for each of the years ended June 30, 2025 and 2024, was \$110,784 and is included in rent in the statements of functional expenses.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

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Note 10 - Operating Leases (continued)

Additional lease disclosure information for the years ended June 30 is summarized below:

	2025	2024
Operating lease expense	\$ 111,942	\$ 111,942
Operating cash flows from leases	\$ 111,942	\$ 111,942
Weighted-average remaining lease term (year)	1.45	2.44
Weighted-average discount rate	3.02%	3.02%

As a practical expedient, the Organization has utilized the interest rate on U.S. Treasury notes as of the date of lease inception and for the corresponding term to determine the discount rate or the lessor provided discount rate. Variable lease expense consists of copier use over the agreed-upon usage amount.

Future minimum rental payments under this lease are as follows for the years ended June 30:

2026	\$ 111,942
2027	47,318
2028	965
Less: present value discount	(3,263)
<u>Total lease liabilities</u>	<u>\$ 156,962</u>

Note 11 - Related Party Transactions

For the years ended June 30, 2025 and 2024, two members of the Board of Directors were employees of financial institutions where the Organization maintains certain cash balances.

For the years ended June 30, 2025 and 2024, one member of the Board of Directors was a shareholder of a legal and consulting firm and one Board member was an employee of the same legal and consulting firm. This firm provided contributions of \$525 and \$1,000 during the years ended June 30, 2025 and 2024, respectively.

ASSETS Lancaster

Notes to Financial Statements

June 30, 2025 and 2024 (Restated)

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Note 12 - Liquidity

The Organization's current financial assets as of June 30 are as follows:

	2025	2024
Cash	\$ 431,360	\$ 923,109
Contract receivables	500	1,995
Notes receivable, microloans	110,087	115,513
Financial assets, at year-end	\$ 541,947	\$ 1,040,617

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

	2025	2024
Financial assets, at year-end	\$ 541,947	\$ 1,040,617
Less those unavailable for general expenditures within one year due to:		
Donor restrictions	(70,614)	(620,035)
Cash collateralizing secured debt	(78,855)	(74,559)
Financial assets available for general expenditures within one year	\$ 392,478	\$ 346,023