

**PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)**

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

June 30, 2025 and 2024

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ProJeCt of Easton, Inc.
Easton, PA

Opinion

We have audited the accompanying financial statements of ProJeCt of Easton, Inc. (a Not-for-Profit Corporation), 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 ProJeCt of Easton, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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 ProJeCt of Easton, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ProJeCt of Easton, 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.

Congbell, Roppold & Yasaita LLP

May 7, 2026

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
- ASSETS -						
Current Assets:						
Cash and Cash Equivalents	\$ 435,578	\$ 460,181	\$ 895,759	\$ 233,142	\$ 54,768	\$ 287,910
Grants and Accounts Receivable	137,814	-	137,814	174,067	-	174,067
Contributions Receivable, Net (Note 4)	424	20,000	20,424	253,993	20,000	273,993
Prepaid Expenses	34,865	-	34,865	21,309	-	21,309
Total Current Assets	608,681	480,181	1,088,862	682,511	74,768	757,279
Long-Term Investments (Note 3, 8 and 9)	1,156,228	2,009,010	3,165,238	1,095,298	1,906,243	3,001,541
Property and Equipment, Net (Note 5)	654,680	854,017	1,508,697	86,090	882,983	969,073
Right-of-Use Assets (Note 6)	40,344	-	40,344	12,388	-	12,388
TOTAL ASSETS	\$ 2,459,933	\$ 3,343,208	\$ 5,803,141	\$ 1,876,287	\$ 2,863,994	\$ 4,740,281
- LIABILITIES AND NET ASSETS -						
Current Liabilities:						
Accounts Payable and Accrued Expenses	\$ 38,027	\$ -	\$ 38,027	\$ 41,161	\$ -	\$ 41,161
Payroll and Related Accruals	60,481	-	60,481	65,811	-	65,811
Deferred Revenue	281	-	281	-	-	-
Security Deposits	3,000	-	3,000	-	-	-
Operating Lease Liabilities, Current Portion (Note 6)	8,254	-	8,254	6,316	-	6,316
Total Current Liabilities	110,043	-	110,043	113,288	-	113,288
Operating Lease Liabilities, Net of Current Portion (Note 6)	32,090	-	32,090	6,072	-	6,072
Total Liabilities	142,133	-	142,133	119,360	-	119,360
- NET ASSETS -						
Undesignated	1,183,743	-	1,183,743	1,237,915	-	1,237,915
Board Designated-Operating Reserve	479,377	-	479,377	432,922	-	432,922
Invested in Property and Equipment With Donor Restrictions (Note 7)	654,680	854,017	1,508,697	86,090	882,983	969,073
	-	2,489,191	2,489,191	-	1,981,011	1,981,011
Total Net Assets	2,317,800	3,343,208	5,661,008	1,756,927	2,863,994	4,620,921
TOTAL LIABILITIES AND NET ASSETS	\$ 2,459,933	\$ 3,343,208	\$ 5,803,141	\$ 1,876,287	\$ 2,863,994	\$ 4,740,281

See independent auditor's report and notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	<u>Year Ended June 30, 2025</u>			<u>Year Ended June 30, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:						
<i><u>Revenues, Gains and Other Support:</u></i>						
Contributions	\$ 574,617	\$ 187,166	\$ 761,783	\$ 909,984	\$ 75,248	\$ 985,232
Special Events						
Revenues	128,192	-	128,192	66,177	-	66,177
Contribution of Nonfinancial Assets	-	-	-	5,000	-	5,000
Expenses	<u>(26,262)</u>	<u>-</u>	<u>(26,262)</u>	<u>(13,454)</u>	<u>-</u>	<u>(13,454)</u>
Net	101,930	-	101,930	57,723	-	57,723
Government and Federated Grants	787,672	-	787,672	803,154	-	803,154
Contributions of Nonfinancial Assets	553,817	-	553,817	495,977	-	495,977
Program Service Income	1,600	-	1,600	-	-	-
Other Income	<u>3,597</u>	<u>-</u>	<u>3,597</u>	<u>3,840</u>	<u>-</u>	<u>3,840</u>
	<u>2,023,233</u>	<u>187,166</u>	<u>2,210,399</u>	<u>2,270,678</u>	<u>75,248</u>	<u>2,345,926</u>
Net Assets Released from Restrictions	<u>255,116</u>	<u>(255,116)</u>	<u>-</u>	<u>160,213</u>	<u>(160,213)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,278,349</u>	<u>(67,950)</u>	<u>2,210,399</u>	<u>2,430,891</u>	<u>(84,965)</u>	<u>2,345,926</u>
<i><u>Expenses:</u></i>						
Program Services	<u>2,008,442</u>	<u>-</u>	<u>2,008,442</u>	<u>2,004,281</u>	<u>-</u>	<u>2,004,281</u>
Supporting Services:						
Management and General	221,049	-	221,049	224,515	-	224,515
Fundraising	<u>190,078</u>	<u>-</u>	<u>190,078</u>	<u>106,935</u>	<u>-</u>	<u>106,935</u>
Total Supporting Services	411,127	-	411,127	331,450	-	331,450
TOTAL EXPENSES	<u>2,419,569</u>	<u>-</u>	<u>2,419,569</u>	<u>2,335,731</u>	<u>-</u>	<u>2,335,731</u>
Increase (Decrease) in Net Assets from Operating Activities	<u>(141,220)</u>	<u>(67,950)</u>	<u>(209,170)</u>	<u>95,160</u>	<u>(84,965)</u>	<u>10,195</u>
Non-Operating Income (Expenses):						
Investment Return	84,802	193,167	277,969	53,328	164,742	218,070
Contributions Restricted for Capital Purposes	-	1,000,000	1,000,000	-	-	-
Net Assets Released from Restrictions for Capital Purposes	646,003	(646,003)	-	-	-	-
Building Rental Income	20,469	-	20,469	-	-	-
Building Rental Expenses:						
Personal Related Expenses	(1,820)	-	(1,820)	-	-	-
Operating Expenses	(12,008)	-	(12,008)	-	-	-
Facility	(28,481)	-	(28,481)	-	-	-
Depreciation	<u>(6,872)</u>	<u>-</u>	<u>(6,872)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net Assets from Nonoperating Activities	<u>702,093</u>	<u>547,164</u>	<u>1,249,257</u>	<u>53,328</u>	<u>164,742</u>	<u>218,070</u>
Increase in Net Assets	560,873	479,214	1,040,087	148,488	79,777	228,265
Net Assets, Beginning of Year	<u>1,756,927</u>	<u>2,863,994</u>	<u>4,620,921</u>	<u>1,608,439</u>	<u>2,784,217</u>	<u>4,392,656</u>
NET ASSETS, END OF YEAR	<u>\$ 2,317,800</u>	<u>\$ 3,343,208</u>	<u>\$ 5,661,008</u>	<u>\$ 1,756,927</u>	<u>\$ 2,863,994</u>	<u>\$ 4,620,921</u>

See independent auditor's report and notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2025 and 2024

	Year Ended June 30, 2025				Year Ended June 30, 2024			
	Program Services	Supporting Services			Program Services	Supporting Services		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Personnel Related Expenses	\$ 1,026,329	\$ 162,087	\$ 164,598	\$ 1,353,014	\$ 1,050,406	\$ 170,530	\$ 87,382	\$ 1,308,318
Professional Fee Related Expenses	57,429	22,414	1,871	81,714	65,224	21,286	-	86,510
Operating Expenses	67,853	32,717	20,988	121,558	107,739	21,514	18,461	147,714
Client Assistance and Supplies	168,025	-	-	168,025	167,962	-	-	167,962
In-Kind Program Expenses	546,395	7,422	-	553,817	493,131	2,846	-	495,977
Volunteer and Donor Expenses	301	-	1,453	1,754	1,013	29	502	1,544
Facility Expenses	94,702	36,967	-	131,669	79,281	6,782	-	86,063
Special Event Expenses	-	-	26,262	26,262	-	-	13,454	13,454
Total Before Depreciation	1,961,034	261,607	215,172	2,437,813	1,964,756	222,987	119,799	2,307,542
Depreciation	47,408	8,623	1,168	57,199	39,525	1,528	590	41,643
Total Expenses by Function	2,008,442	270,230	216,340	2,495,012	2,004,281	224,515	120,389	2,349,185
Less: Expenses Included With Revenues, Gains and Other Support on the Statement of Activities:								
Direct Costs of Special Events	-	-	(26,262)	(26,262)	-	-	(13,454)	(13,454)
Less: Expenses Included With Non-Operating Income (Expenses) on the Statement of Activities:								
Personal Related Expenses	-	(1,820)	-	(1,820)	-	-	-	-
Operating Expenses	-	(12,008)	-	(12,008)	-	-	-	-
Facility	-	(28,481)	-	(28,481)	-	-	-	-
Depreciation	-	(6,872)	-	(6,872)	-	-	-	-
	\$ 2,008,442	\$ 221,049	\$ 190,078	\$ 2,419,569	\$ 2,004,281	\$ 224,515	\$ 106,935	\$ 2,335,731

See independent auditor's report and notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	Year Ended June 30,	
	2025	2024
<u><i>Cash Flows from Operating Activities:</i></u>		
Change in Net Assets	\$ 1,040,087	\$ 228,265
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	57,199	41,643
Unrealized Gain on Investments	(153,148)	(134,313)
Realized Gain on Sale of Investments	(47)	(1,145)
Contributions Restricted for Capital Purposes	(1,000,000)	-
(Increase) Decrease in Grants and Accounts Receivable	36,253	(102,579)
Decrease (Increase) in Contributions Receivable for Operating Purposes	253,569	(251,100)
(Increase) Decrease in Prepaid Expenses	(13,556)	2,337
Increase (Decrease) in Accounts Payable and Other Liabilities	(8,183)	15,725
	212,174	(201,167)
<u><i>Cash Flows from Investing Activities:</i></u>		
Purchase of Property and Equipment	(596,823)	(72,876)
Proceeds from Sale of Investments	110,400	147,892
Purchase of Investments	(117,902)	(97,923)
	(604,325)	(22,907)
<u><i>Cash Flows from Financing Activities:</i></u>		
Contributions Restricted for Capital Purposes	1,000,000	-
	1,000,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	607,849	(224,074)
Cash and Cash Equivalents, Beginning of Year	287,910	511,984
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 895,759	\$ 287,910
<u><i>Supplemental Data:</i></u>		
Contributions of Nonfinancial Assets (Food, Supplies, and Transportation)	\$ 553,817	\$ 495,977
Contributions of Nonfinancial Assets (Special Events Related)	\$ -	\$ 5,000
Stocks Contributed (Included in Contributions)	\$ 10,007	\$ 59,274

See independent auditor's report and notes to financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

ProJeCt of Easton, Inc. (ProJeCt) is a community benefit human service agency founded in 1968. The mission is to build a better community by helping people to help themselves. The agency improves the community and helps economically and educationally disadvantaged adults and children by assisting them with their emergency needs and developing their potential to achieve self-sufficiency through an integrated system of evidence-based social support and education programs. ProJeCt provides assistance to more than 5,000 people a year, serving Easton and surrounding communities. The Organization is supported by donor contributions, government contracts, foundations and the United Way.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions. Net assets without donor restrictions may be designated for specific purposes by the action of the Board of Directors.

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

Revenues

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenues (Continued)

Grants and Contributions – The Organization receives multiple grants from government agencies and contributions from individuals and the general public used to assist with the Organization’s daily operations. Grants and contributions are recognized in the period that they are earned in accordance with ASC 958-605.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Management reviews contribution receivable balances for collectability based on aging of the pledges. An allowance of \$86 and \$141, was deemed adequate by management for 2025 and 2024.

The Organization reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents. Money market funds held in investment accounts are excluded.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Grants and Accounts Receivable and Credit Policies

Grants and Accounts receivable are amounts due from various sources including government agencies. An allowance for receivables is provided based upon management's judgment including such factors as historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and Accounts receivable are written off when deemed uncollectible. At June 30, 2025 and 2024, management has determined grants and accounts receivable are fully collectible; accordingly, no allowance for doubtful accounts has been established at year-end. There was no bad debt expense for the years ended June 30, 2025 and 2024.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

The Organization capitalizes property and equipment with an original cost over \$2,500. Property and equipment is stated at cost or at estimated fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated lives of the assets, as follows:

Equipment	5-15 years
Furniture and Fixtures	5-10 years
Leasehold Improvements	5-15 years
Building Improvements	10-40 years
Building	40 years

Routine repairs and maintenance costs are expensed as incurred.

Contributions of Nonfinancial Assets

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A substantial number of volunteers have donated significant amounts of their time in the Organization's service. The value of the contributed time is not reflected in the financial statements since the volunteers' time does not meet the criteria necessary for recognition.

The Organization recognized contributed nonfinancial assets within Revenue, Gains, and Other Support on the Statements of Activities, including facilities use, advertising, consumer prizes, and specialized services. The contributed nonfinancial assets are recorded at estimated fair value utilizing information reported by the donor organization or individual. There were no contributed nonfinancial assets that had donor-imposed restrictions.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions of Nonfinancial Assets (Continued)

Contributed facilities consist of a room rental for the Organization's special event. In valuing the contributed facilities, the Organization estimated the fair value based on recent comparable rental rates in the local real estate market.

Contributed food donations are valued and reported based on an amount per pound as published by Feeding America. Food donations are used in program services.

Transportation services recognized are comprised of busing services related to providing accessibility to the SIZZLE program. Transportation services are for program activities. Transportation services are valued and are reported at the estimated fair value in the financial statements based on current rates for local transportation.

Supplies recognized are comprised of miscellaneous supplies that are used for various programs. Supplies are valued and reported at the estimated fair value in the financial statements based on current rates for local supplies.

Contributed nonfinancial assets are as follows:

	June 30,	
	2025	2024
Food	\$ 540,839	\$ 485,063
Supplies	9,856	8,324
Services	3,122	2,590
Space Rentals	-	5,000
	\$ 553,817	\$ 500,977
Total		

Operations

Results from operations in the Statements of Activities reflect all transactions increasing or decreasing net assets except those items of a capital nature – that is, items associated with investment or acquisition of land, building, and equipment and rental income and related expenses of building.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

ProJeCt of Easton, Inc. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal year 2025 and 2024.

The Organization files its 990 with the United States Internal Revenue Service.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program, fundraising, or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on estimates made for time spent by key personnel between functions, space occupied by function, and other objective bases.

Concentration of Credit Risk

The Organization maintains accounts at various banks. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Organization maintains cash balances which may exceed federally insured limits; it historically has not experienced any credit-related losses.

Concentration of Grants

Approximately 48% and 43% of the Organization's operating support, not including contributions of nonfinancial assets, for the year ended June 30, 2025 and 2024, respectively came from government grants.

Advertising Costs

Advertising costs are expensed as incurred and charged to programs and/or management and general based on the nature of the expense. Total advertising expense was \$-0- and \$1,231 for the years ended June 30, 2025 and 2024, respectively.

PROJECT OF EASTON, INC.
(A Not-for-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Employee Retention Credit

The CARES Act extended the Employee Retention Credit (“ERC”) through September 30, 2021. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages paid by an employer after March 12, 2020, and before January 1, 2021. For purposes of the ERC, qualified wages were capped at \$10,000 per employee, per year. For 2021, the ERC amount was increased to 70% of qualified wages paid to an employee, with qualified wages capped at \$10,000 per employee, per quarter.

The Organization determined it is eligible for the ERC for the periods January 1, 2021 through March 31, 2021 based on having a 20% or more decline in gross receipts compared to the same quarters in 2019.

The Organization has computed the credits to total \$103,766. The Organization had \$103,766 of ERC in accounts receivable at June 30, 2025 and 2024.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Financial Position, consist of the following:

	June 30,	
	2025	2024
<i>Without Donor Restrictions:</i>		
Cash and Cash Equivalents	\$ 435,578	\$ 233,142
Accounts Receivable	137,814	174,067
Contributions Receivable	424	253,993
Long-Term Investments	1,156,228	1,095,298
	1,730,044	1,756,500
Less: Designated for Operating Reserve	(479,377)	(432,922)
	\$ 1,250,667	\$ 1,323,578

The Organization is supported mainly by contributions and contract revenues. The Organization believes that funding from contract revenues and contributions and the assets held at June 30, 2025, are sufficient to enable the Organization to continue operating for the upcoming year.

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3. Investments

Investments as of June 30, 2025 and 2024 are summarized as follows:

	June 30, 2025		June 30, 2024	
	Cost	Fair Value	Cost	Fair Value
Money Market Funds	\$ 78,222	\$ 78,222	\$ 84,371	\$ 84,371
Mutual Funds	<u>2,720,058</u>	<u>3,087,016</u>	<u>2,666,621</u>	<u>2,917,170</u>
	<u>\$ 2,798,280</u>	<u>\$ 3,165,238</u>	<u>\$ 2,750,992</u>	<u>\$ 3,001,541</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the year ended June 30, 2025 and 2024.

	June 30,	
	2025	2024
Interest and Dividends	\$ 136,235	\$ 95,980
Realized Gains	-	3,090
Unrealized Gains	153,148	134,313
Fees	<u>(15,288)</u>	<u>(14,492)</u>
Investment Return - Long Term Investments	274,095	218,891
Interest/Dividend Income from Operations	3,827	1,124
Realized Gain (Loss) on Donated Stocks Sold	<u>47</u>	<u>(1,945)</u>
Investment Return Reported on Statement of Activities	<u>\$ 277,969</u>	<u>\$ 218,070</u>

4. Contributions Receivable, Net

Contributions receivable as of June 30, 2025 and 2024 are as follows:

	June 30,	
	2025	2024
Due in less than one year	\$ 20,510	\$ 274,134
Due in one to five years	<u>-</u>	<u>-</u>
Total Contributions Receivable	20,510	274,134
Less: Allowance for uncollectibles	<u>86</u>	<u>141</u>
Net Contributions Receivable	<u>\$ 20,424</u>	<u>\$ 273,993</u>

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5. Property and Equipment

Property and equipment as of June 30, 2025 and 2024 consist of the following:

	June 30,			
	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Land	\$ 86,214	\$ 237,300	\$ -	\$ 237,300
Building	563,964	1,152,644	53,356	1,152,644
Leasehold Improvements	53,894	-	53,894	-
Furniture, Fixtures and Equipment	84,768	-	84,768	-
Website	33,370	-	33,370	-
	<u>822,210</u>	<u>1,389,944</u>	<u>225,388</u>	<u>1,389,944</u>
Less: Accumulated Depreciation	<u>167,530</u>	<u>535,927</u>	<u>139,298</u>	<u>506,961</u>
	<u>\$ 654,680</u>	<u>\$ 854,017</u>	<u>\$ 86,090</u>	<u>\$ 882,983</u>

Depreciation charged to expense was \$57,199 and \$41,643 for the years ended June 30, 2025 and 2024, respectively. See Note 10 regarding the portion of Property and Equipment with donor restrictions.

6. Right of Use Assets and Lease Liabilities

The Organization leases various office equipment under noncancellable operating leases through February 2030.

Right of use assets and lease liabilities are recorded on the Statement of Financial Position at June 30, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Assets:		
Right-of-Use Assets	<u>\$ 40,344</u>	<u>\$ 12,388</u>
Operating Lease Liabilities:		
Operating Lease Liabilities - Current	\$ 8,254	\$ 6,316
Operating Lease Liabilities - Long Term	<u>32,090</u>	<u>6,072</u>
Total Lease Liabilities	<u>\$ 40,344</u>	<u>\$ 12,388</u>

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6. Right of Use Assets and Lease Liabilities (Continued)

Future minimum lease payments under the operating leases are as follows:

	2026	\$	9,768	
	2027		9,768	
	2028		9,768	
	2029		9,489	
	2030		6,138	
Total Future Minimum Lease Payments		\$	44,931	
Less Amount Representing Interest			(4,587)	
Present Value of Minimum Lease Payments			40,344	
Less Current Obligations			(8,254)	
Long-Term Lease Obligations		\$	32,090	
			2025	2024
Weighted Average Remaining Lease Term				
Operating Lease			56 Months	27 Months
Discount Term				
Operating Lease			4.16%	1.01%
Operating Lease Cost		\$	11,748	\$ 6,373

7. Net Assets

Board Designated – Operating Reserve

The Board has adopted a Board Designated Operating Reserve Fund policy. The general purpose of the fund is to help ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions and changes affecting the Organization's financial position and the ability of the Organization to continuously carry out its mission. The reserve's target amount to be attained and maintained is 25% of annual operating expenses or about three months of expenses on average, excluding depreciation and in-kind expenses. At June 30, 2025 and 2024, the board designated operating reserve fund balances were \$479,377 and \$432,922, respectively.

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7. Net Assets (Continued)

Net Assets With Donor Restrictions

For the years ended June 30, 2025 and 2024, net assets with donor restrictions net asset activity consisted of the following:

	Balance July 1, 2024	Revenue	Released from Restrictions	Balance June 30, 2025
<i>Purpose Restricted:</i>				
Easton Middle School Success Program	\$ 20,000	\$ 24,000	\$ (20,000)	\$ 24,000
Sizzle	8,000	108,250	(80,598)	35,652
Literacy	19,166	18,000	(20,500)	16,666
Gift Cards-Food Pantry	22,602	31,916	(9,652)	44,866
Food Pantry	5,000	5,000	(5,000)	5,000
Ferry Street Building (See Note 10)	882,983	-	(28,966)	854,017
Realized/Unrealized Gain and Unspent Income from Endowment (See Note 8)	539,501	193,167	(90,400)	642,268
Restricted for Building Purchase and Operations	-	1,000,000	(646,003)	353,997
<i>Restricted in Perpetuity:</i>				
Endowment (See Note 8)	1,366,742	-	-	1,366,742
	<u>\$ 2,863,994</u>	<u>\$ 1,380,333</u>	<u>\$ (901,119)</u>	<u>\$ 3,343,208</u>
	Balance July 1, 2023	Revenue	Released from Restrictions	Balance June 30, 2024
<i>Purpose Restricted:</i>				
Easton Middle School Success Program	\$ 25,000	\$ 20,000	\$ (25,000)	\$ 20,000
Pre K Early Childhood Education	-	8,000	-	8,000
Literacy	8,333	20,500	(9,667)	19,166
Simply Savory	1,000	-	(1,000)	-
Gift Cards-Food Pantry	22,933	21,748	(22,079)	22,602
Gift Cards-Other	100	-	(100)	-
Food Pantry	-	5,000	-	5,000
Ferry Street Building (See Note 10)	911,950	-	(28,967)	882,983
Realized/Unrealized Gain and Unspent Income from Endowment (See Note 8)	448,159	164,742	(73,400)	539,501
<i>Restricted in Perpetuity:</i>				
Endowment (See Note 8)	1,366,742	-	-	1,366,742
	<u>\$ 2,784,217</u>	<u>\$ 239,990</u>	<u>\$ (160,213)</u>	<u>\$ 2,863,994</u>

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8. Endowment Fund

The Organization's endowment consists of one fund established for the purpose of supporting programs, services, and building operations of the Organization. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization follows Commonwealth of Pennsylvania law and its own governing documents with respect to the management of endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment Return Objectives, Risk Parameters and Strategies

The goal of the investment and spending policy is for the productivity of the endowment funds to strike a balance between preserving and growing principal on one hand, and supporting a spending policy that sustains the Organization's mission on the other hand. The fund is to be managed in a prudent manner. The investment objectives are to: (a) maximize contributions to the ProJeCt's operating and capital needs, (b) maintain the principal of endowment gifts and endeavor to protect the assets from erosion of purchasing power, and (c) maintain an asset allocation mix of 50-70% equities and 30-50% fixed income and cash and cash equivalents. Direct investment in securities of companies whose products or operating philosophies are contrary to the value of "service to humanity" is to be avoided.

Spending Policy

The Organization follows "Total Return Policy" guidelines as established under Pennsylvania Act 141 and as adopted by the Board of Directors. The Organization's policy will be to distribute annually between two and seven percent (allowable "Total Return Policy" range) of the trailing three fiscal year average of the endowment's total asset value. The Board of Directors, with input from management and the finance committee, will establish the percentage annually to be adopted for distribution. For the year ended June 30, 2025, a 5% distribution was utilized. For 2024, a 4% distribution was utilized.

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8. Endowment Fund (Continued)

As of June 30, 2025 and 2024, total endowment composition by net assets class is:

	2025		2024	
	With Donor Restrictions	Total	With Donor Restrictions	Total
Donor-Restricted Endowment				
Purpose and Time Restricted	\$ 642,268	\$ 642,268	\$ 539,501	\$ 539,501
Restricted in Perpetuity	1,366,742	1,366,742	1,366,742	1,366,742
Endowment Net Assets, June 30,	\$ 2,009,010	\$ 2,009,010	\$ 1,906,243	\$ 1,906,243
	2025		2024	
	With Donor Restrictions	Total	With Donor Restrictions	Total
Endowment Net Assets, July 1,	\$ 1,906,243	\$ 1,906,243	\$ 1,814,901	\$ 1,814,901
Contributions	-	-	-	-
Investment Income	78,828	78,828	45,860	45,860
Net Appreciation	114,339	114,339	118,882	118,882
Amounts Released for Operations	(90,400)	(90,400)	(73,400)	(73,400)
Endowment Net Assets, June 30,	\$ 2,009,010	\$ 2,009,010	\$ 1,906,243	\$ 1,906,243

9. Fair Value Measurements

Financial Accounting Standards Board ASC 820-10, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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9. Fair Value Measurements (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable, are significant to the fair value measurement and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

Mutual funds – bond funds and equity funds: Valued at the net asset value ("NAV") of shares held by the Organization at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025 and 2024:

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9. Fair Value Measurements (Continued)

Assets at Fair Value as of June 30, 2025				
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 78,222	\$ -	\$ -	\$ 78,222
Investments - Mutual Funds				
Bond Funds:				
Short-term Bond	58,803	-	-	58,803
Intermediate-term Bond	1,313,622	-	-	1,313,622
Equity Funds:				
Foreign Large Blend	170,942	-	-	170,942
Foreign Large Growth	44,618	-	-	44,618
Foreign Large Value	216,554	-	-	216,554
Multialternative	127,530	-	-	127,530
Large Blend	754,841	-	-	754,841
Small Growth	82,858	-	-	82,858
Small Value	80,159	-	-	80,159
World Allocation	237,089	-	-	237,089
Total Assets at Fair Value	<u>\$ 3,165,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,165,238</u>
Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 84,371	\$ -	\$ -	\$ 84,371
Investments - Mutual Funds				
Bond Funds:				
Intermediate-term Bond	1,300,814	-	-	1,300,814
Nontraditional Bond				
Equity Funds:	145,406	-	-	145,406
Foreign Large Blend	40,068	-	-	40,068
Foreign Large Growth	179,976	-	-	179,976
Foreign Large Value	119,729	-	-	119,729
Large Blend	737,247	-	-	737,247
Small Growth	78,807	-	-	78,807
Small Value	78,258	-	-	78,258
World Allocation	236,865	-	-	236,865
Total Assets at Fair Value	<u>\$ 3,001,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,001,541</u>

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10. Commitments and Contingencies

In September, 2005, the Organization was granted a quitclaim deed from the United States of America, acting through the Secretary of Education, for a property located on Ferry Street in Easton, Pennsylvania. The agreement requires compliance with various conditions for a period of thirty years, ending August 24, 2035. If the Organization fails to adhere to the conditions, the title and interest in the property will revert back to the government of the United States of America. The conditions are as follows: (a) The Organization must use all of the property for the educational programs described in the Organization's program plan of use, unless written consent for program modifications is received, (b) the Organization cannot sell, lease, sublease, rent, mortgage, encumber or transfer or dispose of any interest in the property, (c) the Organization must file a report on its maintenance and use of the property on an biennial basis, (d) the Organization must remain a non-profit organization, and (e) the Organization must comply with Title VI of the Civil Rights Act, Title IX of the Education Amendments of 1972 and code section 504 of the Rehabilitation Act of 1973.

11. Retirement Plan

Effective January 1, 2017 the Organization amended the 403(b) plan. Employees may contribute up to the IRS maximum dollar amount plus catch-up contributions for each calendar year as either a pre-tax or Roth contribution. The Organization will match 50% of the contribution if the employee contributes between 1% and 6% of their compensation. The matching contribution will be limited to 3% of compensation. The employer matching contributions under this plan for the years ended June 30, 2025 and 2024, amounted to \$19,530 and \$16,255, respectively and discretionary contributions amounted to \$-0- for June 30, 2025 and 2024.

12. Subsequent Events

The Organization's management has considered events subsequent to June 30, 2025 that affect the Organization through May 7, 2026, the date the financial statements were available to be issued.

Investments are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment will occur in the near term. Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of the investments at June 30, 2025 may not necessarily be indicative of the amounts that could be realized in a current market exchange.