POTTSTOWN BEACON OF HOPE

FINANCIAL STATEMENTS

Year Ended December 31, 2025

Maillie®
ACCOUNTANTS • ADVISORS

POTTSTOWN BEACON OF HOPE
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YEAR ENDED DECEMBER 31, 2025

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Independent Auditors' Report

To the Board of Directors
Pottstown Beacon of Hope
Pottstown, Pennsylvania

Opinion

We have audited the financial statements of Pottstown Beacon of Hope (a not-for-profit organization), which comprise the statement of assets, liabilities, and net assets--modified cash basis as of December 31, 2025, and the related statements of revenues, expenses and changes in net assets--modified cash basis, functional expenses--modified cash basis, and cash flows--modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Pottstown Beacon of Hope as of December 31, 2025, and its revenues, expenses, and changes in net assets and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Pottstown Beacon of Hope 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Restatement

As discussed in Note I to the financial statements, the opening net asset balances have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

To the Board of Directors
Pottstown Beacon of Hope
Pottstown, Pennsylvania

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 GAAS 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 GAAS, 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 Pottstown Beacon of Hope'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 Pottstown Beacon of Hope'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.

Maillie LLP

Limerick, Pennsylvania
August 31, 2026

POTTSTOWN BEACON OF HOPE
STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS--MODIFIED CASH BASIS
DECEMBER 31, 2025

ASSETS	
Cash	$ 779,416
Property and equipment, net	796,352
TOTAL ASSETS	$ 1,575,768
LIABILITIES AND NET ASSETS	
LIABILITIES	
Credit card liabilities	$ 4,060
NET ASSETS	
With donor restrictions	842,540
Without donor restrictions	729,168
TOTAL NET ASSETS	1,571,708
TOTAL LIABILITIES AND NET ASSETS	$ 1,575,768

See accompanying notes.

POTTSTOWN BEACON OF HOPE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	$ 165,533	$ 274,500	$ 440,033
Special events	50,774	-	50,774
Grants	103,000	521,000	624,000
Interest income	12,154	-	12,154
Other income	39,725	-	39,725
Net assets released from restrictions	295,855	(295,855)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	667,041	499,645	1,166,686
EXPENSES			
Program services	284,275	-	284,275
Management and general	116,409	-	116,409
Fundraising	120,209	-	120,209
TOTAL EXPENSES	520,893	-	520,893
CHANGE IN NET ASSETS	146,148	499,645	645,793
NET ASSETS AT BEGINNING OF YEAR, as originally stated	653,247	272,668	925,915
RESTATEMENT	(70,227)	70,227	-
NET ASSETS AT BEGINNING OF YEAR, as restated	583,020	342,895	925,915
NET ASSETS AT END OF YEAR	$ 729,168	$ 842,540	$ 1,571,708

See accompanying notes.

POTTSTOWN BEACON OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES--MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2025

	Program Services	Management and General	Fundraising	Totals
Functional Expenses				
Salaries and wages	$ 190,005	$ 22,354	$ 84,418	$ 296,777
Payroll taxes	20,179	2,374	8,965	31,518
Employee benefits	13,533	1,592	6,013	21,138
Shelter expenses	22,010	-	-	22,010
Insurance	7,691	905	452	9,048
Occupancy	16,460	1,936	968	19,364
Office	-	3,235	-	3,235
Professional fees	-	39,694	-	39,694
Marketing	-	7,424	-	7,424
Travel, training, & meals	-	22,089	-	22,089
Bank and processing fees	-	3,187	-	3,187
Memberships	-	6,739	-	6,739
Fundraising events	-	-	19,393	19,393
Depreciation expense	9,941	2,168	-	12,109
Storage	-	2,712	-	2,712
Program supplies	4,456	-	-	4,456
	$ 284,275	$ 116,409	$ 120,209	$ 520,893

See accompanying notes.

POTTSTOWN BEACON OF HOPE

STATEMENT OF CASH FLOWS--MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 645,793
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	12,109
Increase in credit card liabilities	821
NET CASH PROVIDED BY OPERATING ACTIVITIES	658,723
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(369,669)
Refund of property deposit	75,000
NET CASH USED BY INVESTING ACTIVITIES	(294,669)
NET INCREASE IN CASH	364,054
CASH AT BEGINNING OF YEAR	415,362
CASH AT END OF YEAR	$ 779,416

See accompanying notes.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Pottstown Beacon of Hope (the “Organization”) was formed to provide shelter and support to individuals experiencing homelessness in the Pottstown community.

Basis of Accounting

The Organization’s policy is to prepare its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred. Accounts receivable, accounts payable, and other accrued expenses are not reported in these financial statements. However, the Organization capitalizes fixed assets and related deposits and reports credit card liabilities and payroll withholding liabilities on the statement of assets, liabilities and net assets--modified cash basis.

Financial Statement Presentation

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958), the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions

The part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the entire restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the support is received and recognized.

Net Assets without Donor Restrictions

The part of net assets of the Organization that is not subject to donor-imposed restrictions.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization takes the position that it has no net income derived from unrelated business activities and believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Concentration of Credit Risk

The Organization deposits its cash with two financial institutions and occasionally carries balances in excess of FDIC insured limits. As of December 31, 2025, $400,201 of the Organization's cash balances exceed the FDIC limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Contributions

Contributions are recognized when received. Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, insurance, and occupancy which are allocated on the basis of estimates of time and effort.

Donated Services

Individuals may donate time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under the modified cash basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed under the straight-line method over estimated useful lives of:

	Years
Computers and equipment	3
Vehicles	5

Purchases of property and equipment with aggregate value in excess of $2,500 are capitalized. Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures in the nature of normal repairs and maintenance are charged to current operations as incurred.

Date of Management's Review

Management has evaluated subsequent events through August 31, 2026, the date which the financial statements were available to be issued.

NOTE B - PROPERTY DEPOSITS

In September 2023, the Organization executed an agreement for the purchase of a building in the amount of $700,000 and made a $75,000 deposit. In December 2023, the Organization's Board of Directors voted to terminate the agreement of sale due to unresolved contingencies. The deposit was refunded in 2025.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of:

Land	$ 270,881
Computers and equipment	7,812
Vehicles	64,670
Construction in progress	481,493
	824,856
Accumulated depreciation	(28,504)
	$ 796,352

Depreciation expense was $12,109 for the year ended December 31, 2025.

During the year ended December 31, 2024, the Organization acquired three parcels of land totaling $270,881 for the purpose of constructing a 24/7 homeless shelter. Costs associated with the construction of the shelter are reported as construction in progress. These costs will be depreciated once the building is placed into service. Construction in progress as of December 31, 2025, is $481,493.

NOTE D - LIQUIDITY

Net financial assets available for general expenditure within one year of the balance sheet date consisted of the following as of December 31, 2025:

Cash	$ 779,416
Credit card liabilities	(4,060)
	$ 775,356

NOTE E - RETIREMENT PLAN

The Organization maintains a 401(k) plan for employees meeting certain eligibility requirements. The Organization's contributions to the plan for the year ended December 31, 2025, were $3,457.

NOTE F - REVENUE CONCENTRATION

The Organization received a substantial amount of support from Montgomery County, Pennsylvania ("the County") in the year ended December 31, 2025 in the form of a grant. The County grant accounted for approximately 40% of the Organization's support in the year ended December 31, 2025.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2025, net assets are restricted by donors for the following purposes:

Permanent shelter	$ 802,540
Seasonal shelter and permanent shelter	12,500
Seasonal shelter	2,500
Guest support services	25,000
	$ 842,540

During the year ended December 31, 2025, the Organization received a refund of a property deposit that was made in a prior year. This refund reinstates the restriction. Net assets released from donor restrictions for the year ended December 31, 2025, were as follows:

Permanent shelter	$ 358,355
Seasonal shelter	12,500
Reinstatement of restrictions (property deposit refund)	(75,000)
	$ 295,855

NOTE H - CONTRACT COMMITMENTS

The Organization has entered into several agreements with contractors for the construction of the shelter building. The agreements entered into as of the date of this report total approximately $3,011,000.

Construction commitments will be primarily funded by grants and a capital campaign.

NOTE I - PRIOR PERIOD RESTATEMENT

The Organization made a prior period adjustment to restate the beginning balances of net assets with donor restrictions and net assets without donor restrictions to correct for amounts that were previously reported as releases from restriction that were later determined to have not satisfied the donor restriction. As a result of the adjustment, net assets with donor restrictions as of January 1, 2025, increased $70,227, from $272,668 to $342,895 and net assets without donor restrictions decreased by the same amount, from $653,247 to $583,020. The restatement of these balances had no impact on the change in net assets reported in previous fiscal years.