GOODWILL INDUSTRIES OF THE BERKSHIRES AND SOUTHERN VERMONT, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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Helping You Reach Your Financial Goals...
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Goodwill Industries of the Berkshires and Southern Vermont, Inc.
158 Tyler Street
Pittsfield, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Goodwill Industries of the Berkshires and Southern Vermont, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 present fairly, in all material respects, the financial position of Goodwill Industries of the Berkshires and Southern Vermont, Inc. as of June 30, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Goodwill Industries of the Berkshires and Southern Vermont, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Goodwill Industries of the Berkshires and Southern Vermont, 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 and *Government 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 and *Government 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 Goodwill Industries of the Berkshires and Southern Vermont, 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 Goodwill Industries of the Berkshires and Southern Vermont, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2023, on our consideration of Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control over financial reporting and compliance.

Lombardi, Clairmont & Kacyn

September 1, 2023

Helping You Reach Your Financial Goals...
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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Goodwill Industries of the Berkshires and Southern Vermont, Inc.
158 Tyler Street
Pittsfield, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Goodwill Industries of the Berkshires and Southern Vermont, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters that we reported to the management of Goodwill Industries of the Berkshires and Southern Vermont, Inc. in a separate letter dated September 1, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Goodwill Industries of the Berkshires and Southern Vermont, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lombardi, Clairmont & Reagan

September 1, 2023

GOODWILL INDUSTRIES OF THE BERKSHIRES
AND SOUTHERN VERMONT, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30, 2023	June 30, 2022	Increase (Decrease)
ASSETS			
Cash and cash equivalents	$ 285,214	$ 902,915	$ (617,701)
Cash and cash equivalents - restricted	75,659	186,688	(111,029)
Total cash and cash equivalents	360,873	1,089,603	(728,730)
Accounts receivable - net	60,835	43,557	17,278
Prepaid expenses	59,691	145,811	(86,120)
Pledges receivable	164,207	12,500	151,707
Investments	219,825	74,352	145,473
Property and equipment - net	1,451,245	516,014	935,231
Right to use assets	7,004,034	-	7,004,034
Security deposits	86,894	79,394	7,500
TOTAL ASSETS	$ 9,407,604	$ 1,961,231	$ 7,446,373
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	$ 113,483	$ 229,766	$ (116,283)
Accrued payroll and vacation	111,385	72,379	39,006
Accrued interest	8,193	8,555	(362)
Gift certificates payable	19,513	14,743	4,770
Sales tax payable	13,759	10,658	3,101
Finance lease obligations payable	46,384	8,376	38,008
Operating lease obligations payable	7,131,110	-	7,131,110
Notes payable	390,297	157,355	232,942
TOTAL LIABILITIES	7,834,124	501,832	7,332,292
NET ASSETS			
Without donor restrictions			
Undesignated	53,562	759,928	(706,366)
Net investment in property and equipment	1,164,564	500,283	664,281
Total without donor restrictions	1,218,126	1,260,211	(42,085)
With donor restrictions	355,354	199,188	156,166
TOTAL NET ASSETS	1,573,480	1,459,399	114,081
TOTAL LIABILITIES AND NET ASSETS	$ 9,407,604	$ 1,961,231	$ 7,446,373

See accompanying notes and auditors' report.

GOODWILL INDUSTRIES OF THE BERKSHIRES
AND SOUTHERN VERMONT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Retail stores and e-commerce	$ 5,719,935	$	$ 5,719,935
Salvage sales	298,677		298,677
Recycling sales	5,081		5,081
Contributions and grants	271,863	174,928	446,791
United Way		9,500	9,500
Rehabilitation contracts and fees	471,386		471,386
Investment income, net	15,129		15,129
Net assets released from restrictions:			
Expiration of restrictions	28,262	(28,262)	-
TOTAL REVENUES AND GAINS	6,810,333	156,166	6,966,499
EXPENSES			
Program	5,679,978		5,679,978
General and administrative	1,172,440		1,172,440
TOTAL EXPENSES	6,852,418	-	6,852,418
CHANGE IN NET ASSETS	(42,085)	156,166	114,081
NET ASSETS - BEGINNING	1,260,211	199,188	1,459,399
NET ASSETS - ENDING	$ 1,218,126	$ 355,354	$ 1,573,480

GOODWILL INDUSTRIES OF THE BERKSHIRES AND SOUTHERN VERMONT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Retail stores and e-commerce	$ 4,456,999	$	$ 4,456,999
Salvage sales	421,949		421,949
Recycling sales	12,970		12,970
Contributions and grants	176,017	32,525	208,542
United Way		10,000	10,000
Rehabilitation contracts and fees	297,638		297,638
Investment income (loss), net	(14,247)		(14,247)
Net assets released from restrictions:			
Expiration of restrictions	38,625	(38,625)	-
TOTAL REVENUES AND GAINS	5,389,951	3,900	5,393,851
EXPENSES			
Program	4,117,240		4,117,240
General and administrative	895,624		895,624
TOTAL EXPENSES	5,012,864	-	5,012,864
CHANGE IN NET ASSETS, BEFORE GAIN ON EXTINGUISHMENT OF DEBT	377,087	3,900	380,987
GAIN ON EXTINGUISHMENT OF DEBT	509,675		509,675
CHANGE IN NET ASSETS	886,762	3,900	890,662
NET ASSETS - BEGINNING	373,449	195,288	568,737
NET ASSETS - ENDING	$ 1,260,211	$ 199,188	$ 1,459,399

See accompanying notes and auditors' report.

GOODWILL INDUSTRIES OF THE BERKSHIRES
AND SOUTHERN VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program	General and Administrative	Total
EXPENSES			
Advertising	$ 13,848	$ 51,226	$ 65,074
Bad debts	1,221	-	1,221
Bank service charges	140,781	3,150	143,931
Depreciation	66,291	31,220	97,511
Equipment rental	7,850	-	7,850
Fees	1,779	3,157	4,936
General insurance	66,218	12,988	79,206
Group insurance	55,131	10,813	65,944
Interest	1,267	11,868	13,135
Licenses and permits	580	527	1,107
Miscellaneous	4,833	6,065	10,898
Motor vehicle expenses	111,648	-	111,648
National dues	-	61,992	61,992
Office supplies	48,306	23,860	72,166
Other taxes	343	-	343
Payroll processing fees	15,583	3,387	18,970
Payroll taxes	267,009	52,372	319,381
Postage and shipping	1,847	1,210	3,057
Professional fees	12,517	256,794	269,311
Program expenses	4,620	-	4,620
Real estate taxes	85,593	-	85,593
Recruitment	6,502	5,452	11,954
Rent	998,748	-	998,748
Repairs and maintenance	152,057	208	152,265
Rubbish removal	134,427	-	134,427
Salaries and wages	2,951,952	579,005	3,530,957
Security	9,265	-	9,265
Software	30,916	11,758	42,674
Supplies	131,784	3,432	135,216
Telephone	23,676	7,799	31,475
Training	3,036	2,220	5,256
Travel	20,236	11,344	31,580
Utilities	239,576	6,758	246,334
Workers compensation insurance	70,538	13,835	84,373
TOTAL EXPENSES	$ 5,679,978	$ 1,172,440	$ 6,852,418

See accompanying notes and auditors' report.

GOODWILL INDUSTRIES OF THE BERKSHIRES AND SOUTHERN VERMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program	General and Administrative	Total
EXPENSES			
Advertising	$ 2,614	$ 32,248	$ 34,862
Bad debts	1,373	-	1,373
Bank service charges	92,472	3,968	96,440
Depreciation	18,772	13,671	32,443
Equipment rental	16,889	-	16,889
Fees	1,027	1,418	2,445
General insurance	60,903	12,810	73,713
Group insurance	49,107	10,329	59,436
Interest	-	8,112	8,112
Licenses and permits	35	580	615
Meals and entertainment	29	-	29
Miscellaneous	7,457	15,671	23,128
Motor vehicle expenses	98,956	458	99,414
National dues	-	51,965	51,965
Office supplies	24,072	27,504	51,576
Other taxes	202	-	202
Payroll processing fees	-	8,978	8,978
Payroll taxes	205,017	43,122	248,139
Postage and shipping	8,752	1,102	9,854
Professional fees	3,537	124,238	127,775
Program expense	5,098	-	5,098
Real estate taxes	74,541	-	74,541
Recruitment	747	10,172	10,919
Rent	612,776	-	612,776
Repairs and maintenance	98,905	-	98,905
Rubbish removal	103,165	-	103,165
Salaries and wages	2,301,647	484,116	2,785,763
Security	4,409	-	4,409
Software	18,162	8,260	26,422
Supplies	76,181	8,530	84,711
Telephone	19,947	5,777	25,724
Training	663	1,421	2,084
Travel	7,614	6,603	14,217
Utilities	132,893	-	132,893
Workers compensation insurance	69,278	14,571	83,849
TOTAL EXPENSES	$ 4,117,240	$ 895,624	$ 5,012,864

See accompanying notes and auditors' report.

GOODWILL INDUSTRIES OF THE BERKSHIRES
AND SOUTHERN VERMONT, INC.
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 114,081	$ 890,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,511	32,443
Gain on extinguishment of debt	-	(509,675)
Interest forgiven on Payroll Protection Program loan	-	3,150
Bad debts	1,221	1,373
Realized (gains) losses on investments	(8,408)	(1,759)
Unrealized (gains) losses on investments	(2,372)	17,439
Reduction in the carrying amount of right to use assets	391,960	-
Change in operating lease obligations payable	(264,884)	-
(Increase) decrease in:		
Accounts receivable	(18,499)	(10,767)
Prepaid expenses	86,120	(44,413)
Pledges receivable	(151,707)	9,500
Security deposits	(7,500)	(57,371)
Increase (decrease) in:		
Accounts payable	(116,283)	161,130
Accrued payroll and vacation	39,006	(75,896)
Accrued interest	(362)	4,125
Gift certificates payable	4,770	6,887
Sales tax payable	3,101	1,067
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	167,755	427,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(986,415)	(344,029)
Proceeds from sale of investments	77,239	21,965
Purchase of investments	(211,932)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,121,108)	(322,064)
NET CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of finance lease obligation payable	(8,319)	(5,465)
Proceeds from notes payable	243,645	7,355
Payments of notes payable	(10,703)	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	224,623	1,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(728,730)	107,721
CASH AND CASH EQUIVALENTS - BEGINNING	1,089,603	981,882
CASH AND CASH EQUIVALENTS - ENDING	$ 360,873	$ 1,089,603
SUPPLEMENTARY INFORMATION:		
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ 13,497	$ 837
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of property and equipment with finance lease obligation payable	$ 46,327	$ 6,969
Acquisition of right to use assets with operating lease obligations	$ 7,395,994	$ -
Gain on extinguishment of debt	$ -	$ 509,675

See accompanying notes and auditors' report.

Note 1 - **Operations and Summary of Significant Accounting Policies**:

Goodwill Industries of the Berkshires and Southern Vermont, Inc. (the Organization) provides vocational training and evaluation for individuals with disabilities and disadvantaging conditions throughout Berkshire County, Massachusetts and Southern Vermont.

Income Taxes

The Organization is a nonprofit corporation, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization may recognize the tax benefit from a 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 Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the Commonwealth of Massachusetts. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, (US GAAP).

Basis of Presentation

US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Organization grants payment terms to its customers of thirty days from the date of the invoice. Customers are considered delinquent for amounts outstanding after thirty days. The Organization does not have a policy to accrue interest or service charges on past due receivables.

The Organization uses the allowance method to determine uncollectible accounts receivable; the allowance is based on prior years' experience and management's analysis of specific accounts receivable. As management believes all accounts are collectible, there was no balance in the allowance for uncollectible account at June 30, 2023 or 2022.

Note 1 - continued

Promises to Give

Contributions are recognized when a donor makes a pledge to give to the Organization that is, in substance, unconditional. Unconditional pledges to give are reported at net realizable value if, at the time the pledge is made, collection is expected to be received in one year or less. Unconditional pledges to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization.

Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional pledges to give are recognized only when the conditions on which they depend are substantially met.

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a restriction is met in the same time period in which the contribution is received, the Organization reports the contribution as net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance for uncollectible pledges was considered necessary at June 30, 2023 or 2022.

Contributed Services

There were no contributed services received during the years ended June 30, 2023 or 2022 that met the requirements for recognition in the financial statements.

Inventory

Inventory consists entirely of donated goods. Donated inventory is valued at net realizable value. Management estimates that the future cost of sorting and disposing of the inventory approximately equals its sale price; therefore, no value has been assigned to inventory in the accompanying financial statements.

Fair Value Measurements

The Financial Accounting Standards Board (FASB)'s guidance on fair value measurements establishes a framework for measuring the fair value of assets and liabilities and expanded related disclosures. FASB's guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance establishes a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Fair value is the price the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. Preference is given to observable inputs. The Organization determines the fair values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in accordance with generally accepted accounting principles for *fair value measurements* as follows:

Note 1 - continued

Level 1: Quoted prices in active markets for identical assets or liabilities. The Organization currently has Level 1 investments that are measured at fair value on a recurring basis (see Note 5).

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Organization currently has no Level 2 assets or liabilities that are measured at fair value on a recurring basis.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation. The Organization currently has no Level 3 assets or liabilities that are measured at fair value on a recurring basis.

The guidance requires the use of observable data if such data is available without undue cost and efforts. When available, the Organization uses unadjusted quoted market prices to measure the fair value and classifies such items within Level 1. Level 1 securities primarily include publicly-traded equity securities, exchange traded funds and mutual funds.

Investments and Investment Income

Investments are presented in the financial statements at fair value. Donated investments are recorded at fair value at the date of donation. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses are included in revenue. Gains and losses on the sale of investments are recorded using the average cost method.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and the statements of activities.

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.

Property and Equipment

The Organization capitalizes property and equipment with an aggregate cost of $2,000 and a useful life of more than one year. Routine expenditures for maintenance and repairs are charged to expense as incurred.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions at that time.

Note 1 - continued

Property and equipment are depreciated using the straight-line method over the following useful lives:

Building	27.5 years
Building improvements	5-20 years
Leasehold improvements	5-20 years
Equipment	5-10 years

Property and equipment consist of the following:

	June 30, 2023	June 30, 2022
Land	$ 66,450	$ 66,450
Building	233,550	233,550
Building improvements	671,270	299,066
Leasehold improvements	1,132,251	289,527
Construction in progress	57,000	330,373
Equipment	286,628	240,301
Total cost	2,447,149	1,459,267
Less: Accumulated depreciation	995,904	943,253
Net property and equipment	$ 1,451,245	$ 516,014

Impairment of Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If impairment is present, the assets are reported at the lower of carrying value or fair value. There was no impairment loss recognized during the years ended June 30, 2023 or 2022.

Advertising Costs

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $65,074 and $34,862 for the years ended June 30, 2023 and 2022, respectively.

Revenue Recognition

The Organization recognizes retail store, e-commerce salvage and recycling revenue from product sales at a point in time when control over the goods has been transferred to the customer. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Revenues from services are recorded as revenue when the related services are provided. The Organization recognizes revenue upon satisfaction of the performance obligation and transfers control upon delivery and acceptance by the customer.

The Organization also has program service fee revenue derived from unit rate state, local and private pay contracts, which are conditioned upon certain performance requirements. The performance period under these contracts is generally one year or less. Amounts received under unit rate contracts are recognized as revenue at the time the services are provided, up to the contract maximum. Contract unit rates are set by state, local and private grantors. Accordingly, the performance obligation for unit rate contracts is satisfied at a point in time.

Sales Taxes

The Organization collects sales tax from customers and remits these amounts to the applicable taxing authorities. The Organization's policy is to exclude these taxes from revenues and cost of sales.

Note 1 - continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses which are allocated on the basis of estimated time and effort and occupancy-related expenses which are allocated based on facilities usage.

Leases (effective July 1, 2022)

The Organization determines if an arrangement contains an operating or finance lease at its inception and recognizes right-of-use assets and lease liabilities at the commencement date based on the present value of lease payments over the lease terms. The discount rate for a lease is the rate implicit in the lease or, if that rate cannot be readily determined, the risk-free rate of return. The Organization does not combine lease and non-lease components to determine lease payments for its leases.

The Organization does not record leases with terms of 12 months or less on the balance sheet but instead recognizes the lease payments as an expense on a straight-line basis over the term of the lease.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the right-of-use assets. Finance lease right-of-use assets are amortized based on the lesser of the lease term and the useful life of the leased asset according to the capital asset accounting policy. If ownership of the right-of-use assets transfers to the Organization at the end of the lease term or if the Organization is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset.

For operating leases, the expenses are generally recognized on a straight-line basis over the lease term.

The Organization recognizes variable lease payments as expenses when incurred.

Note 2 - **Recently Adopted Accounting Standard**

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842) (ASC 842)*, which supersedes the guidance in *ASC 840, Leases*, and generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the statement of financial position. The Organization used the modified retrospective transition method and elected to recognize the cumulative-effect adjustments as of July 1, 2022, the beginning of the adoption period.

The Organization elected the following transition practical expedients: (a) no reassessment of whether contractual arrangements that expired prior to the adoption date are, or contain leases, (b) the classification of existing capital leases as finance leases and existing operating leases as operating leases, (c) no redetermination of initial direct costs for leases that existed as of the adoption date, (d) application of hindsight in determining the lease term and impairment of right-of-use assets, and (e) no reassessment of whether existing or expired land easements not previously accounted for as leases were or contained leases.

As a result of adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022: (a) an operating lease liability of $7,395,994 which represents the present value of the remaining lease payments of $10,355,642, discounted using the Organization's risk-free rate of return of 5.0% and (b) an operating right-of-use asset of $7,395,994. Additionally, the Organization reclassified existing capital lease liabilities of $8,376 and capital lease assets of $30,757 as of July 1, 2022 to finance lease liabilities and finance right-of-use assets, respectively.

Note 3 - Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates generating sufficient revenue to cover general expenditures.

The following shows the total financial assets to meet general expenditures over the next twelve months as of June 30:

	2023	2022
Cash and cash equivalents - unrestricted	$ 285,214	$ 902,915
Accounts receivable	60,835	43,557
Pledges receivable - unrestricted	12,000	12,500
Investments - unrestricted	104,337	74,352
Total	$ 462,386	$ 1,033,324

In addition, the Organization maintains a $50,000 line of credit (see Note 6) that can be used for cash flow needs as necessary.

Note 4 - Pledges Receivable

Pledges receivable consist of outstanding pledges which are expected to be collected in the next fiscal year.

Note 5 - Investments

Investments are carried at fair value and consist of the following:

	Cost	Market Value	Gross Unrealized Gain (loss)
June 30, 2023			
Fixed income mutual funds	$ 66,325	$ 65,577	$ (748)
Income exchange traded funds	52,164	51,277	(887)
Equity mutual funds	17,815	18,546	731
Equity exchange traded funds	67,200	84,425	17,225
Total	$ 203,504	$ 219,825	$ 16,321
June 30, 2022			
Exchange traded funds	$ 45,908	$ 60,360	$ 14,452
Fixed income mutual funds	5,000	4,101	(899)
Equity mutual funds	9,495	9,891	396
Total	$ 60,403	$ 74,352	$ 13,949

Investment income (loss), net, consisted of the following for the years ended June 30:

	2023	2022
Interest and dividends	$ 6,501	$ 3,840
Realized gains	8,408	1,759
Unrealized gains (losses)	2,372	(17,439)
Investment fees	(2,152)	(2,407)
Investment income (loss), net	$ 15,129	$(14,247)

Note 6 - Note Payable – Line of Credit

The Organization maintains a $50,000 line of credit agreement with MountainOne Bank. The note requires monthly payments of interest only at the bank's base rate plus 1% (9.25% and 5.75% at June 30, 2023 and 2022, respectively) and is secured by all business assets of the Organization. The Organization had no outstanding borrowings under this agreement at June 30, 2023 or 2022.

Note 7 - Notes Payable

The Organization is liable on notes payable at June 30 as follows:

	2023	2022
A mortgage with Lee Bank, in the amount of $215,000 which requires monthly payments of 1,486 and bears interest at the Federal Home Loan Bank of Boston rate plus 2.75% (6.75% at June 30, 2023) adjusted every five years beginning December 19, 2027. The loan is secured by property at 158 Tyler Street, Pittsfield, Massachusetts with a carrying value of $511,867 at June 30, 2023.	$ 213,297	$ -
An interest free loan with the landlord of the Bennington, VT store to make improvements to additional space to be leased at that location. The total amount borrowed was $36,000 and payments are due in monthly installments of $1,000 over thirty-six months. If the Organization fails to make payments under the loan agreement, any funds received shall first be applied to the loan and then to the organization's monthly rent obligation.	27,000	7,355
A term loan with the U.S. Small Business Administration (SBA) in the amount of $150,000. The loan bears interest at 2.75% and requires no payments for the thirty months and then monthly payments of principal and interest in the amount of $641 through the maturity date of June 3, 2050. The note is secured by a) inventory; b) equipment; c) instruments, including promissory notes; d) chattel paper; e) documents; f) letter of credit rights; g) accounts, including health care insurance receivables and credit card receivables; h) deposit accounts; i) commercial tort claims; j) general intangibles; and k) as extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code (with a carrying value of $636,299 and $1,184,516 at June 30, 2023 and 2022, respectively).	150,000	150,000
Total	$ 390,297	$ 157,355

Total interest expense on all debt amounted to $13,135 and $8,112 for the years ended June 30, 2023 and 2022, respectively. Interest expense for the year ended June 30, 2022, includes interest of $3,150 that was forgiven under the terms of the Payroll Protection Program.

The future minimum payments due under the notes payable are as follows:

Year ending June 30,	
2024	$ 15,541
2025	15,787
2026	9,892
2027	8,024
2028	8,429
Thereafter	332,624
Total	$ 390,297

Note 8 - **Leases**

Finance leases

The Organization is obligated under a finance lease obligation for the lease of a copier dated July 7, 2021, for 60 months at $153 per month. In addition, the Organization is obligated under finance lease obligations for the lease of a forklift dated February 22, 2023, for 72 months at $532 per month and for the lease of a stacker dated July 9, 2022 for 48 months at 332 per month.

The future minimum lease payments due under the finance lease obligations and the net present value of the future minimum lease payments are as follows:

Year ending June 30,	
2024	$ 12,201
2025	12,202
2026	12,202
2027	6,387
2028	6,387
Thereafter	4,773
Total	54,152
Less: amount representing interest	7,768
Net present value	$ 46,384

Amortization of finance lease right-of-use assets has been included in depreciation expense. Right-of-use assets purchased under finance leases has been included in equipment and has the following book value at June 30, 2023:

Capitalized cost – equipment	$ 53,297
Less: Accumulated amortization	7,855
Net	$ 45,442

Operating Leases

The Organization leases real property as follows:

The facility at 215 North Street, Bennington, Vermont requires payments of $8,128 per month at June 30, 2023, increasing 2% annually through May 31, 2036. Total rent expense for this location amounted to $108,826 and $74,263 for the years ended June 30, 2023 and 2022, respectively.

The facility at 457 Dalton Avenue in Pittsfield, Massachusetts was leased under a five-year lease agreement which expired in August 2022 and required monthly payments of $8,167 (including insurance and common area costs). The Organization was responsible for its share of real estate taxes and operating costs of the property such as utilities, repairs and maintenance. Total rent expense was $6,422 and $77,065 for the years ended June 30, 2023 and 2022, respectively. In addition, the Organization paid the landlord $1,592 and $18,439 for real estate taxes for the years ended June 30, 2023 and 2022, respectively.

The Organization signed a fifteen-year lease on March 1, 2022 for a facility at 5 Cheshire Road in Pittsfield, Massachusetts to replace the above facility. The lease requires payments of $9,736 for June through August 2022 to cover common area, insurance and real estate taxes. Beginning September 1, 2022, monthly payments will be $17,848 which includes common area maintenance and real estate taxes. Beginning September 1, 2023, the lease will become a triple net lease and monthly payment for the next two years will be $15,820. In addition, the Organization will be responsible for common area maintenance and real estate taxes. Monthly rental payments then increase every two years through the lease term which ends on August 31, 2037. The expense under this agreement was $244,558 and $9,736 for the year ended June 30, 2023 and 2022, respectively.

Note 8 - continued

The facility at 166 State Street in North Adams, Massachusetts is leased under a five-year lease agreement expiring August 2027 and requiring monthly payments of $6,050 for the lease term. The Organization is responsible for all real estate taxes and utilities during the term of the lease. Total rent expense was $71,961 and $66,000 for the years ended June 30, 2023 and 2022, respectively. In addition, the Organization paid the City of North Adams $16,006 and $16,713 for real estate taxes for the years ended June 30, 2023 and 2022, respectively.

The facility on Center Street in Lee, Massachusetts is leased under a two-year lease agreement requiring monthly payments of $800 through December 28, 2023. Total rent expense was $9,600 for each of the years ended June 30, 2023 and 2022. This lease automatically renews for additional two-year options unless terminated thirty days prior to the end of the lease term. It is expected that the Organization will continue to lease this facility for another ten years after the current lease period.

The facility at 230 North Main Street in Rutland, Vermont is leased under a ten-year lease agreement expiring February 2026 and requires monthly payments of $7,000. The Organization is responsible for all real estate taxes and utilities during the term of the lease. Total rent expense was $83,455 and $80,000 for the years ended June 30, 2023 and 2022, respectively. In addition, the Organization paid the City of Rutland $18,350 and $18,239 for real estate taxes for the years ended June 30, 2023 and 2022, respectively.

The facility at 228 Stockbridge Road in Great Barrington, Massachusetts is leased under a twelve-year lease agreement expiring December 2031 and requiring monthly payments of $11,060 as of June 30, 2023. In addition, there are annual increases throughout the lease term. The lease also includes options to renew for two additional terms of five years each with annual rent escalators of two percent during the renewal terms. The total rent expense for this location was $143,110 and $123,480 for the years ended June 30, 2023 and 2022, respectively. In addition, the Organization paid the Town of Great Barrington $21,565 and $21,150 for real estate taxes for the years ended June 30, 2023 and 2022, respectively. The Organization has not yet determined if it will extend the lease beyond 2031.

In May, 2022, the Organization signed a ten-year lease for a new facility at 768 Putney Road in Brattleboro, Vermont. The lease commencement date was October 15, 2022. Monthly rent payments are $16,494 (plus $8,681 for common area maintenance, real estate taxes and insurance) for the first two years and then increase every two years through the end of the lease term. Total rent expense incurred on this lease was $185,704 during the year ended June 30, 2023. In addition, the Organization paid the Town of Brattleboro $43,604 for real estate taxes for the year ended June 30, 2023.

In June 2020, the Organization entered into a six-month lease agreement for warehouse space in Great Barrington, Massachusetts. The monthly rent required under this lease is $3,500. The rent for this location increased to $4,958 per month and was rented on a month-to-month basis through February 2022. Total rent expense for this location was $39,664 for the year ended June 30, 2022.

The Organization leases warehouse space in Pittsfield, Massachusetts under a lease agreement expiring in July 2024. The lease requires monthly payments of $5,550 for the term of the lease. Total rent expense under this lease was $66,800 and $67,200 for the years ended June 30, 2023 and 2022, respectively.

The Organization also leases warehouse space in Lenoxdale, Massachusetts under a lease agreement expiring December 31, 2024. The lease requires monthly payments of $6,552 for the term of the lease. Total rent expense under this lease was $78,312 and $75,524 for the years ended June 30, 2023 and 2022, respectively.

In addition, the Organization leases two delivery vehicles under operating lease agreements. The total monthly lease payment under these leases was $3,536 as of June 30, 2023. The lease payments on the vehicles are variable and adjust every six months. In addition, the Organization leases additional trucks on an as needed basis. The total amount paid for all vehicle leases was $75,067 and $67,116 for the years ended June 30, 2023 and 2022, respectively.

Note 8 - continued

Quantitative lease information is as follows:

	Year ended June 30, 2023	2022
Lease costs:		
Finance lease costs		
Amortization of right-of-use assets	$ 6,461	$ 4,566
Interest on lease liabilities	2,033	895
Total finance lease costs	8,494	5,451
Operating lease costs	998,748	612,776
Variable lease costs	75,068	67,116
Total lease costs	$ 1,082,310	$ 685,343
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ (2,033)	$ (895)
Operating cash flows from operating leases	$ (946,739)	$ (679,892)
Financing cash flows from finance leases	$ (8,319)	$ (5,465)
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 46,327	$ -
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 7,395,994	$ -
Weighted average remaining lease term – finance leases	4 years	2.5 years
Weighted average remaining lease term – operating leases	7 years	-
Weighted average discount rate – finance leases	7.34%	7.74%
Weighted average discount rate – operating leases	5.0%	-

The minimum aggregate annual rental commitment through the expiration of all leases is as follows:

Year ending June 30,	
2024	$ 935,002
2025	873,807
2026	841,190
2027	808,693
2028	777,060
Thereafter	5,286,839
Total	$ 9,522,591

Note 9 - **Endowment and Net Assets with Donor Restrictions**

The Organization's endowment consists of donor-restricted funds under the terms of the will of Angela M. Milani which permits the Organization to use only the earned income from the investments for the training of handicapped persons. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 9 - continued

Absent donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment; (2) the original value of subsequent gifts to the perpetual endowment; and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the various funds
(2) The purposes of the donor-restricted endowment funds
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The Organization's investment policies

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

The Organization expects its endowment assets, over time, to produce an average rate of return that exceeds inflation as measured by the consumer price index plus four percent. Actual returns in any given year may vary from these amounts. Investment risk is measured in terms of the total endowment fund; investment asset and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year seven percent of its endowment fund's average fair value over the prior twelve fiscal quarters preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. This will allow the Organization to preserve the principal amount of the endowment while providing current income for operations.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (an "underwater endowment"). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no funds with deficiencies at June 30, 2023 or 2022.

Note 9 - continued

Endowment funds with donor restrictions and changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Beginning of the year	$ 140,400	$ 140,400
Investment return:		
Investment income, net	8,887	115
Total investment return	8,887	115
Appropriation of endowment assets for expenditure	(8,887)	(115)
End of year	$ 140,400	$ 140,400

Net assets with donor restrictions consisted of the following as of June 30:

	2023	2021
Donor restricted endowment funds	$ 140,400	$ 140,400
Purpose restricted:		
Food insecurity	-	4,634
Northern Berkshire County programs	14,956	4,956
Dress for Success	3,932	4,939
Employability	7,467	14,684
Soar for success	5,000	-
Adaptive equipment	7,000	-
Mission services - Bennington	592	-
DEI initiative	1,800	1,800
Textile collection bins	-	2,775
Skills training	-	2,500
Covid bonus	500	500
Food bank	9,500	9,500
Total purpose restricted	50,747	46,288
Time restricted (pledges receivable in future years):	164,207	12,500
Total net assets with donor restrictions	$ 355,354	$199,188

Note 10 - **Concentration of Risk**

The Organization maintains deposits in two commercial banks which at times exceeded amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). These balances fluctuate during the year and the uninsured portion can vary greatly. Management monitors the financial condition of the banking institutions and believes there is no significant risk with respect to these deposits. There was $-0- and $391,329 in uninsured funds as of June 30, 2023 and 2022, respectively.

Note 11 - Surplus Revenue Retention

The Commonwealth of Massachusetts Operational Services Division (OSD) Not-for-Profit Surplus Revenue Retention policy establishes that if, through cost savings initiatives implemented consistent with programmatic and contractual obligations, a nonprofit contractor accrues an annual net surplus from the revenues and expenses associated with services provided to departments which are subject to 808 CMR 1.00, the provider may retain, for future use, a portion of that annual surplus not to exceed 20% of said revenues.

Surpluses may be used by the contractor for any of its established charitable purposes, provided that no portion of the surplus may be used for any non-reimbursable cost set forth in 808 CMR 1.05, the free care prohibition excepted. OSD shall be responsible for determining the amount of surplus that may be retained by each contractor in any given year and may determine whether any excess surplus shall be used to reduce future prices or be recouped. The Organization did not have any surplus that exceeded the allowable limits for the years ended June 30, 2023 or 2022.

Note 12 - Gain on Extinguishment of Debt

The government implemented measures to mitigate some of the impact of the COVID-19 pandemic on the Agency's results and liquidity. The Organization applied for and received a loan of $506,525 under the second round of the Payroll Protection Program (PPP). This loan, along with accrued interest of $3,150, was forgiven in full by the bank and U.S. Small Business Administration (SBA) in August 2021. The total amount of $509,675 is included as gain on extinguishment of debt in the accompanying statement of activities for the year ended June 30, 2022.

Note 13 - Subsequent Events

Management has evaluated subsequent events through September 1, 2023, the date on which the financial statements were available to be issued.