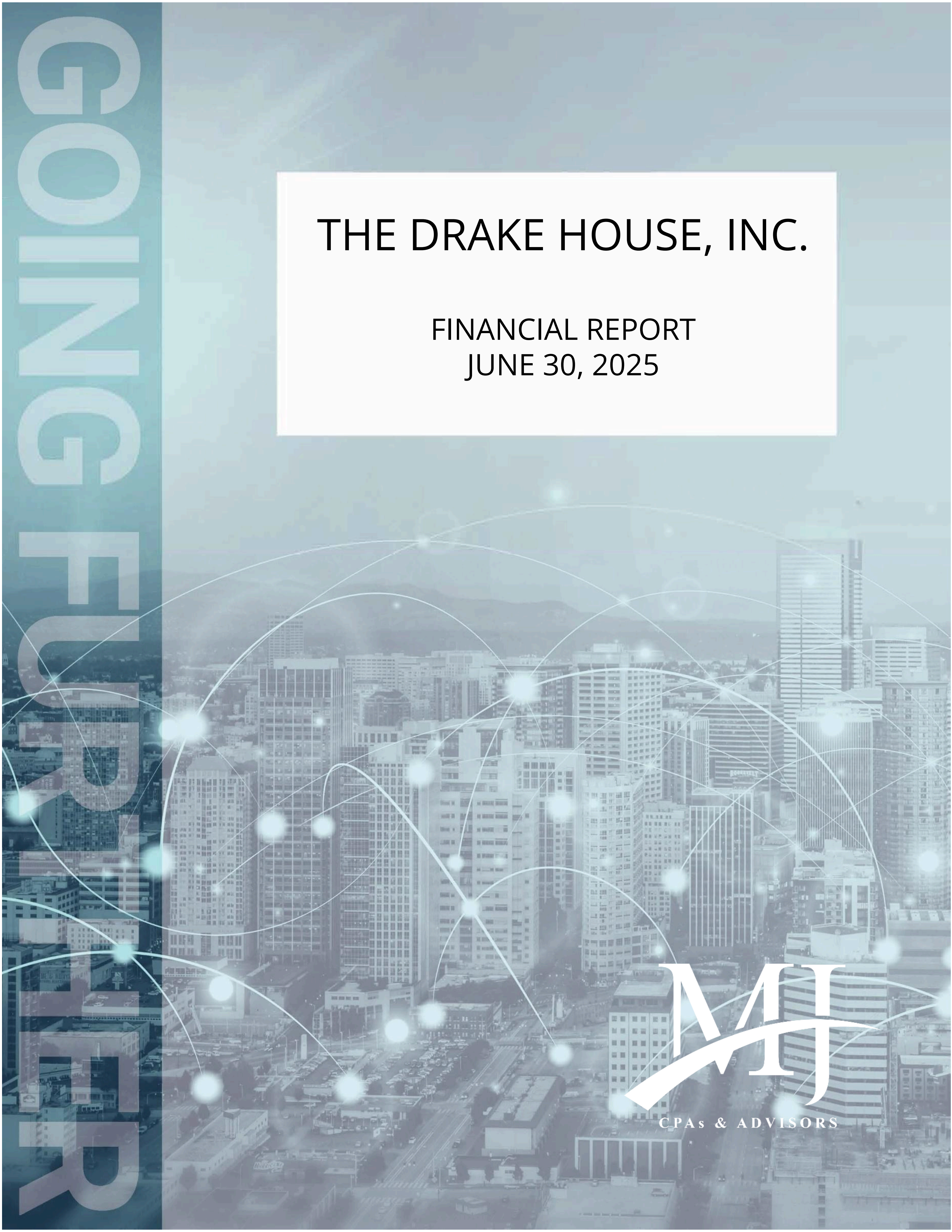
THE DRAKE HOUSE, INC.

FINANCIAL REPORT
JUNE 30, 2025



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MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors of
The Drake House, Inc.
Roswell, Georgia

We have audited the accompanying financial statements of The Drake House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Drake House, 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 The Drake House, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 The Drake House, 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 The Drake House, 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 The Drake House, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 26, 2026

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 1,361,656	$ 1,375,664
Restricted cash	38,078	36,654
Unconditional promises to give	42,567	9,867
Other receivables	57,779	4,723
Inventory	283,532	32,813
Other current assets	18,633	19,635
Total current assets	1,802,245	1,479,356
PROPERTY AND EQUIPMENT		
Property and equipment, net	4,383,146	4,370,898
OTHER ASSETS		
Beneficial interest in assets held by community foundation	28,568	25,530
Right-of-use assets - operating leases	457,752	237,019
Deposits	14,939	14,939
Total other assets	501,259	277,488
Total assets	$ 6,686,650	$ 6,127,742
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 31,229	$ 9,093
Accrued expenses	3,203	2,577
Tenant savings	34,269	35,975
Other payables	49,427	26,861
Current portion of lease liabilities - operating leases	179,627	95,917
Total current liabilities	297,755	170,423
NONCURRENT LIABILITIES		
Lease liabilities - operating leases, less current portion	290,230	159,913
Total liabilities	587,985	330,336
NET ASSETS		
Without donor restrictions	5,719,848	5,532,097
With donor restrictions		
Restricted for purpose	378,817	265,309
Total net assets	6,098,665	5,797,406
Total liabilities and net assets	$ 6,686,650	$ 6,127,742

See Notes to Financial Statements.

The Drake House, Inc.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Support			
Contributions and grants	$ 1,435,761	$ 399,800	$ 1,835,561
In-kind contributions	370,695	-	370,695
Special events revenue	305,589	-	305,589
Less: costs of direct benefits to donors	(74,091)	-	(74,091)
Total special events revenue, net	231,498	-	231,498
Net assets released from restrictions	286,292	(286,292)	-
Total support	2,324,246	113,508	2,437,754
Rental revenue	104,252	-	104,252
Retail sales revenue, net	445,070	-	445,070
Investment income	55,163	-	55,163
Loss on disposal of fixed assets	(2,191)	-	(2,191)
Insurance claim proceeds	172,827	-	172,827
Total support and revenues	3,099,367	113,508	3,212,875
EXPENSES			
Program services	2,388,408	-	2,388,408
Supporting services			
General and administrative	361,503	-	361,503
Fundraising	161,705	-	161,705
Total supporting services	523,208	-	523,208
Total expenses	2,911,616	-	2,911,616
Change in net assets	187,751	113,508	301,259
NET ASSETS, BEGINNING OF YEAR	5,532,097	265,309	5,797,406
NET ASSETS, END OF YEAR	$ 5,719,848	$ 378,817	$ 6,098,665

See Notes to Financial Statements.

The Drake House, Inc.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions and grants	$ 1,126,993	$ 357,151	$ 1,484,144
In-kind contributions	68,336	-	68,336
Special events revenue	189,303	-	189,303
Less: costs of direct benefits to donors	(41,561)	-	(41,561)
Total special events revenue, net	147,742	-	147,742
Net assets released from restrictions	343,892	(343,892)	-
Total support	1,686,963	13,259	1,700,222
Retail revenue	132,639	-	132,639
Retail sales revenue, net	379,952	-	379,952
Investment income	37,786	-	37,786
Loss on disposal of fixed assets	(610)	-	(610)
Other income	51,442	-	51,442
Total support and revenues	2,288,172	13,259	2,301,431
EXPENSES			
Program services	2,144,874	-	2,144,874
Supporting services			
General and administrative	267,762	-	267,762
Fundraising	156,339	-	156,339
Total supporting services	424,101	-	424,101
Total expenses	2,568,975	-	2,568,975
Change in net assets	(280,803)	13,259	(267,544)
NET ASSETS, BEGINNING OF YEAR	5,812,900	252,050	6,064,950
NET ASSETS, END OF YEAR	$ 5,532,097	$ 265,309	$ 5,797,406

See Notes to Financial Statements.

The Drake House, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Supporting Services			
	Homeless Services	The Drake Closet	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses	$ 980,803	$ 151,014	$ 1,131,817	$ 167,672	$ 133,557	$ 301,229	$ 1,433,046
Payroll taxes and benefits	129,809	1,893	131,702	16,763	17,180	33,943	165,645
Supplies and office expenses	1,691	7,973	9,664	7,480	2,814	10,294	19,958
Advertising	70	-	70	3,669	3,638	7,307	7,377
Repairs and maintenance	81,751	22,325	104,076	303	-	303	104,379
Equipment rentals	2,675	1,400	4,075	1,961	-	1,961	6,036
Utilities	104,962	23,061	128,023	13,558	450	14,008	142,031
Lease expense - operating leases	-	145,369	145,369	45,004	-	45,004	190,373
Occupancy	23,201	4,345	27,546	19,230	-	19,230	46,776
Economy hotel family transition costs	94,803	-	94,803	-	-	-	94,803
Postage and delivery	-	-	-	509	-	509	509
Insurance	49,077	1,818	50,895	20,425	2,232	22,657	73,552
Printing	26	322	348	4,026	-	4,026	4,374
Professional fees	71,421	205	71,626	60,746	771	61,517	133,143
Client market	270,201	-	270,201	107	1,063	1,170	271,371
Depreciation	218,193	-	218,193	-	-	-	218,193
Miscellaneous	-	-	-	50	-	50	50
Total expenses	$ 2,028,683	$ 359,725	$ 2,388,408	$ 361,503	$ 161,705	$ 523,208	$ 2,911,616

See Notes to Financial Statements.

The Drake House, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			
	Homeless Services	The Drake Closets	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses	$ 871,155	$ 156,257	$ 1,027,412	$ 122,194	$ 100,982	$ 223,176	$ 1,250,588
Payroll taxes and benefits	127,234	-	127,234	19,663	14,888	34,551	161,785
Supplies and office expenses	14,714	5,967	20,681	-	-	-	20,681
Advertising	-	59	59	2,474	2,475	4,949	5,008
Repairs and maintenance	86,678	53,751	140,429	488	-	488	140,917
Equipment rentals	-	-	-	4,898	-	4,898	4,898
Utilities	104,982	18,974	123,956	10,039	600	10,639	134,595
Lease expense - operating leases	31,486	147,538	179,024	3,015	5,024	8,039	187,063
Occupancy	57,308	1,762	59,070	13,529	5,798	19,327	78,397
Property and other taxes	3,186	253	3,439	51	-	51	3,490
Postage and delivery	-	-	-	391	-	391	391
Insurance	37,635	-	37,635	13,788	-	13,788	51,423
Travel	900	134	1,034	4,269	850	5,119	6,153
Printing	1,200	347	1,547	998	-	998	2,545
Professional fees	47,777	-	47,777	21,314	561	21,875	69,652
Workshops	26,820	-	26,820	24,912	-	24,912	51,732
Membership and dues	-	-	-	2,090	-	2,090	2,090
Client market	167,308	-	167,308	-	-	-	167,308
Depreciation	174,429	-	174,429	16,870	23,625	40,495	214,924
Miscellaneous	25	6,995	7,020	6,779	1,536	8,315	15,335
Total expenses	$ 1,752,837	$ 392,037	$ 2,144,874	$ 267,762	$ 156,339	$ 424,101	$ 2,568,975

See Notes to Financial Statements.

The Drake House, Inc.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 301,259	$ (267,544)
Adjustments to reconcile change in net assets to		
net cash provided by operating activities		
Depreciation	218,193	214,924
Loss on disposal of fixed assets	2,191	610
Change in beneficial interest in assets held by community foundation	(3,038)	(25,530)
Changes in assets and liabilities		
(Increase) in unconditional promises to give	(32,700)	(1,500)
Decrease in ERC receivable	-	288,879
(Increase) decrease in other receivables	(53,056)	855
(Increase) decrease in inventory	(250,719)	63,157
(Increase) decrease in right-of-use assets - operating leases	(220,733)	185,248
Decrease in other current assets	1,002	5,951
Increase (decrease) in accounts payable	22,136	(65,675)
Increase (decrease) in accrued expenses	626	(1,906)
Increase (decrease) in other payables	22,566	(8,979)
(Decrease) increase in tenant savings	(1,706)	26,444
Increase (decrease) in lease liabilities - operating leases	214,027	(191,688)
Net cash provided by operating activities	220,048	223,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(232,632)	(210,969)
Net cash (used in) investing activities	(232,632)	(210,969)
Net (decrease) increase in cash and cash equivalents	(12,584)	12,277
Cash and cash equivalents		
Beginning of year	1,412,318	1,400,041
End of year	$ 1,399,734	$ 1,412,318

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	2025	2024
Acquisition of property and equipment with accounts payable	**$ -**	$ 14,394

See Notes to Financial Statements.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Drake House, Inc. (the "Organization") is a not-for-profit organization incorporated in Georgia on March 30, 2004. Its mission is to empower women and their children experiencing homelessness to achieve economic independence and long-term stability. The Organization provides families with the tools and resources to overcome the trauma of homelessness, rebuild their lives, and attain economic mobility. An integral part of the community, The Drake House, Inc. fosters financial security and housing stability through comprehensive support services and career development programs. The Drake Closets support The Drake House, Inc. programming by offering professional clothing to residents for interviews and work. These retail outlets also sell quality used clothing and jewelry to raise funds that directly support the Organization's mission.

Significant Accounting Policies

The significant accounting policies adopted by the Organization are set forth below:

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board-designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At June 30, 2025 and 2024, the Organization did not have any board-designated net assets.
>
> *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 resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional promises to give are recognized when the existing barriers are met. Unconditional promises to give over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for doubtful promises to give is based on specifically identified amounts that the Organization believes to be uncollectible, plus certain percentages of aged contribution receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Organization's donor base. If actual collections experience changes, revisions to the allowance may be required.

Contributed assets such as equipment, other assets, and marketable equity securities acquired by gift are recorded at fair market value when the Organization obtains possession or an unconditional promise to give. In-kind contributions, such as rent, utilities, repairs and maintenance, and supplies, are reflected in the accompanying financial statements. A substantial number of volunteers have donated their time to the program services and fundraising campaigns of the Organization. However, no amounts have been reflected in the financial statements for volunteer services because the criteria for recognition of such volunteer effort under the FASB codification have not been satisfied.

If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with the FASB codification.

The Organization recognizes contributions and grant revenue in the accompanying statements of activities in accordance with ASC Topic 958, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Revenue Recognition

Revenue is recognized in the period when earned. Deferred revenue represents cash received that is to be earned in future periods.

In accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, the Organization recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. The Organization recognizes certain special events revenue in accordance with ASC Topic 606, which is recognized at the time the special events take place and the transaction is executed, as that is the point in time the Organization fulfills the performance obligation.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of cash held in checking and money market accounts. Cash balances are maintained with financial institutions which are insured by the Federal Deposit Insurance Corporation. Balances exceed insured amounts from time to time.

Restricted cash is held by the organization on behalf of the clients participating in the savings program and as fiscal sponsor for a community improvement network. The restricted cash obligations are outlined in Note 6 regarding funds held for others.

Inventory

Inventory for The Drake Closets is stated at lower of cost and net realizable value at June 30, 2025 and 2024.

Property and Equipment

Property and equipment are recorded at historical cost or at fair market value at the date of gift, if donated. Depreciation is recognized based on the straight-line method over estimated useful lives. Expenditures for property and equipment and for improvements, which extend the original estimated economic life of the asset, exceeding $2,500, are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. When an asset is sold or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The estimated useful lives of the various classes of assets are as follows:

Class of Asset	Estimated Useful Life (Years)
Buildings	31.5
Furniture and fixtures	7
Equipment	3 – 10
Vehicles	5
Software	3 - 5
Website design	3
Improvements	7 - 10

Beneficial Interest in Assets Held by Community Foundation

Beneficial interest in assets held by community foundation represents "endowment fund" assets the Organization has transferred to the Community Foundation of Northeast Georgia (the "community foundation") and has specified itself as the sole beneficiary. The Organization placed their "endowment fund" assets with the community foundation for multiple reasons, which include, but are not limited to, spreading the total risk for each endowment fund and making the risk equal for all funds invested in the master investment accounts, enhancing the investment performance, reducing management fees, efficiencies, and access to plan giving advice and services.

The Organization considers both transfers to be reciprocal (not a contribution), which is evidenced by the Organization naming itself as the beneficiary. As prescribed by FASB's *Not-for-Profit* presentation and disclosure guidance, the Organization recognizes and maintains a beneficial interest in assets held by the community foundation in the accompanying statements of financial position. The Organization adjusts for changes in present value of expected cash flow in the accompanying statements of activities.

The Organization has granted variance power of the endowment funds to the Community Foundation of Northeast Georgia. Under terms of the agreements, at any time, the Organization can request allowable distributions that align with its charitable purpose. However, the decision of the Community Foundation of Northeast Georgia's Board of Directors as to any such disbursements shall be final, and the Organization's recommendations shall not have a binding effect. When the Community Foundation of Northeast Georgia approves and pays a distribution, the Organization recognizes the cash received as investment income in the accompanying statements of activities.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Community Foundation (Continued)

As of June 30, 2025 and 2024, the beneficial interest in assets held by community foundation in the accompanying statements of financial position comprise the following:

	2025	2024
Community Foundation of Northeast Georgia	$ 28,568	$ 25,530

Income Tax Status

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

Management of the Organization considers the likelihood of changes by taxing authorities in its exempt organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

The Organization files Form 990 in the U.S. federal jurisdiction and the state of Georgia.

Functional Allocation of Expenses

The Organization reports certain categories of expenses that are attributed to more than one program or supporting function as required by the FASB Codification. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Rent, insurance, and utilities are allocated on a square footage basis. Salaries and related expenses as well as employee benefits and taxes are allocated on the basis of estimates of time and effort.

Liabilities for Amounts Held for Others

The Organization holds and manages cash, which belongs to the tenants in the housing units. In accordance with FASB ASC 958, this cash has been reported as a liability for amounts held for others. The Organization acts as a fiscal agent for the North Fulton Improvement Network (NFIN) formerly North Fulton Poverty Task Force and holds and manages cash, which belongs to the NFIN. In accordance with FASB ASC 958, this cash has been reported as a liability for amounts held for others.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date as of June 30, 2025 and 2024, comprise the following:

	2025	2024
Cash and cash equivalents	$ 1,361,656	$ 1,375,664
Unconditional promises to give	42,567	9,867
Other receivables	57,779	4,723
Other current assets	18,633	19,635
Financial assets, at year-end	1,480,635	1,409,889
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	(378,817)	(265,309)
	$ 1,101,818	$ 1,144,580

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from contribution and grants revenue generated. In general, the Organization strives to maintain sufficient financial assets on hand to meet 90-180 days of normal operating expenses.

NOTE 3. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2025 and 2024, unconditional promises to give consisted of the following:

	2025	2024
Unconditional promises to give expected to be:		
Less than one year	$ 42,567	$ 9,867
Unconditional promises to give	$ 42,567	$ 9,867

As of June 30, 2025 and 2024, no allowance for uncollectible promises to give has been recorded. Management has determined that all outstanding pledges are fully collectible.

NOTE 4. PROPERTY AND EQUIPMENT

As of June 30, 2025 and 2024, a summary of the Organization's property and equipment accounts and the related accumulated depreciation is as follows:

	2025	2024
Buildings	$ 3,350,075	$ 3,350,075
Land	623,246	623,246
Improvements	1,900,728	1,698,453
Leasehold improvements	41,246	42,496
Furniture and fixtures	25,181	27,411
Equipment	221,315	222,775
Vehicles	54,769	54,769
Software	50,960	42,460
Website design	7,826	7,826
	6,275,346	6,069,511
Accumulated depreciation	(1,892,200)	(1,698,613)
Net property and equipment	$ 4,383,146	$ 4,370,898

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. There were no such adjustments during the years ended June 30, 2025 and 2024.

NOTE 5. INVENTORY

Inventory consists primarily of merchandise held for resale, program supplies, and donated goods which are stated at the lower of cost or net realizable value.

Donated inventory is recorded as contributions at their estimated fair value at the date of donation. Management periodically reviews inventory for obsolescence and slow-moving items; as of June 30, 2025 and 2024, no reserve for obsolescence was deemed necessary.

Inventory at June 30, 2025 and 2024, is comprised of the following:

	2025	2024
Donated clothing	$ 263,860	$ 9,001
Supplies	11,830	7,090
Jewelry	7,842	16,722
Total inventory	$ 283,532	$ 32,813

NOTE 6. FUNDS HELD FOR OTHERS

The Organization has agreed to take receipt of funds to encourage its tenants to save while they reside in the program's provided housing. This is a voluntary contribution from the tenant with no restrictions on these funds. The Organization does not charge any fees associated with the savings, and it holds the money in a non-interest-bearing checking account. At June 30, 2025 and 2024, the balance in this account was $34,269 and $35,975, respectively.

The Organization has agreed to act as a fiscal agent for the NFIN and does not charge any fees associated with this service. It holds the money for NFIN in a checking account. At June 30, 2025 and 2024, the balance in this account was $3,809 and $885, respectively.

NOTE 7. LEASE OBLIGATIONS

The Organization has entered into operating leases in Roswell, Alpharetta, and Sandy Springs, Georgia for three locations of The Drake Closet. The monthly rental obligation for the Roswell location was $4,283 on June 30, 2023 and will increase by 2.5% annually until its expiration in February 2027. The monthly rental obligation for the Alpharetta location was $4,277 at June 30, 2023 and will increase by 3% annually until its expiration in July 2024. A new lease was signed with an effective date of August 1, 2024. The new Alpharetta lease has a monthly rental obligation of $4,000 and will increase by $150 annually until its expiration in August 2029. The monthly rental obligation for the Sandy Springs location is $3,450 at June 30, 2023 and will expire in September 2024. A new lease was signed with an effective date of December 1, 2024. The new Sandy Springs lease has a monthly rental obligation of $3,660 and will increase by 3% annually until its expiration in November 2027. At June 30, 2025 and 2024, the weighted-average discount rate was 1.0%.

The Organization has entered into an operating lease for its administrative office. The monthly rental obligation was $3,605 on June 30, 2023 and will increase by 3% annually until its expiration in February 2027. At June 30, 2025 and 2024, the weighted-average discount rate was 1.0%.

The following is a schedule by years of minimum future rentals on the operating leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2025:

	Minimum Annual Lease Payments	Amortization of NPV of Liabilities
2026	$ 196,170	$ 179,627
2027	166,849	158,489
2028	72,661	69,010
2029	55,050	53,575
2030	9,200	9,156
	$ 499,930	$ 469,857

NOTE 7. LEASE OBLIGATIONS (CONTINUED)

The carrying value of the related right-of-use assets as of June 30, 2025 are:

	2025	2024
Accumulated basis	$ 772,794	$ 600,867
Less – accumulated amortization	(315,042)	(363,848)
	$ 457,752	$ 237,019

Rent expense was $190,763 and $187,063 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2025 and 2024:

	2025	2024
Subject to expenditure for specified purpose:		
Capital improvements	$ 58,417	$ 74,864
Client coach	50,696	23,421
Client program	90,306	33,374
Housing assistance	21,547	18,600
Life skills workshops	6,163	13,681
Scholarships and certifications	55,345	-
Wellbeing	38,870	18,795
Youth program	57,473	82,574
	$ 378,817	$ 265,309

	2025	2024
Cash and cash equivalents	$ 378,817	$ 265,309

NOTE 9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions:		
Administration	$ -	$ 1,367
Capital improvements	46,447	98,847
Case management	-	-
Client coach	45,025	39,096
Client program	30,568	8,040
Housing assistance	12,053	10,174
Life skills workshops	7,518	11,010
Scholarships and certifications	17,655	21,772
Technology	-	2,257
Wellbeing	20,925	18,850
Youth program	106,101	132,479
	$ 286,292	$ 343,892

NOTE 10. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within contribution revenue on the statements of activities included:

Type	2025	2024	Usage
Professional services	$ 12,960	$ 68,336	General support
Resident supplies	93,875	-	General support
Clothing	263,860	-	General support
	$ 370,695	$ 68,336	

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Nonfinancial assets were valued using estimated average prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the services and goods at the time of the contribution.

NOTE 11. PENSION PLAN

On October 1, 2008, the Organization started and continues to maintain a Simplified Employee Pension (SEP) Plan. This plan allows employees who meet eligibility requirements to receive discretionary contributions from the Organization. For the years ended June 30, 2025 and 2024, the Organization made discretionary contributions of $28,940 and $36,327, respectively.

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring through February 26, 2026, the date on which the financial statements were available to be issued.