

GIFTS OF LOVE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

GIFTS OF LOVE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gifts of Love, Inc.
Avon, Connecticut

Opinion

We have audited the accompanying financial statements of Gifts of Love, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of Gifts of Love, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2024 Financial Statements section of our report. We are required to be independent of Gifts of Love, 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.

Prior Period Financial Statements

The financial statements of Gifts of Love, Inc. as of and for the year ended December 31, 2023, were audited by other auditors whose report dated October 7, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the 2024 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 Gifts of Love, 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 2024 Financial Statements

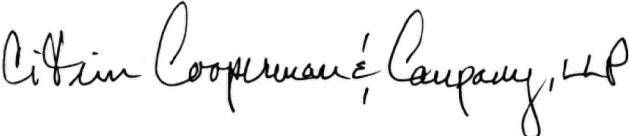
Our objectives are to obtain reasonable assurance about whether the 2024 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute 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 Gifts of Love, 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 Gifts of Love, 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.



Woodbridge, Connecticut
July 17, 2025

GIFTS OF LOVE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Current Assets		
Cash and Cash Equivalents	\$ 400,197	\$ 387,656
Investments	560,513	575,957
Contributions Receivable	-	28,923
Inventory	87,782	82,764
Prepaid Expenses and Other Assets	11,261	10,904
Total Current Assets	1,059,753	1,086,204
Property and Equipment, Net	326,166	361,705
Total Assets	<u>\$ 1,385,919</u>	<u>\$ 1,447,909</u>

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 17,724	\$ 26,656
Mortgage Payable, Current Portion	-	15,631
Other Current Liabilities	2,000	2,000
Total Current Liabilities	19,724	44,287
Long-Term Liabilities		
Mortgage Payable, Net of Current Portion	-	84,178
Total Liabilities	19,724	128,465
Net Assets		
Without Donor Restrictions	1,161,689	1,162,595
With Donor Restrictions	204,506	156,849
Total Net Assets	1,366,195	1,319,444
Total Liabilities and Net Assets	<u>\$ 1,385,919</u>	<u>\$ 1,447,909</u>

See accompanying notes to the financial statements
Exhibit: A - Page 4

GIFTS OF LOVE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Change in Net Assets Without Donor Restrictions:		
Revenues and Public Support		
Contributions and Grants	\$ 393,442	\$ 393,510
Contributed Goods and Services	358,424	417,263
Special Events and Sponsorships, Net of Direct Event Expenses	92,039	119,828
Investment Income, Net	49,104	63,400
Rental Income	20,380	15,120
Employee Retention Credit Income	-	155,311
Net Assets Released from Restrictions	108,213	183,107
	<u>1,021,602</u>	<u>1,347,539</u>
Total Revenue and Public Support		
Functional Expenses		
Basic Needs Services Program	536,560	614,415
General Administration	309,820	315,376
Development	170,325	195,608
Rental Properties	12,003	16,003
	<u>1,028,708</u>	<u>1,141,402</u>
Total Functional Expenditures		
Change in Net Assets Without Donor Restrictions		
Before Loss on Disposal of Property and Equipment	<u>(7,106)</u>	<u>206,137</u>
(Gain) Loss on Disposal of Property and Equipment	<u>(6,200)</u>	<u>15,534</u>
Change in Net Assets Without Donor Restrictions	<u>(906)</u>	<u>190,603</u>
Change in Net Assets With Donor Restrictions		
Contributions	155,870	232,890
Net Assets Released from Restrictions	<u>(108,213)</u>	<u>(183,107)</u>
Change in Net Assets With Donor Restrictions	<u>47,657</u>	<u>49,783</u>
Total Change in Net Assets	46,751	240,386
Net Assets - Beginning of Year	<u>1,319,444</u>	<u>1,079,058</u>
Net Assets - End of Year	<u>\$ 1,366,195</u>	<u>\$ 1,319,444</u>

See accompanying notes to the financial statements
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GIFTS OF LOVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Basic Needs Services Program	General Administration	Development	Direct Benefit to Donors	Rental Properties	Total Functional Expenses
Salaries, Payroll Taxes, and Benefits	\$ 114,754	\$ 165,442	\$ 79,294	\$ -	\$ -	\$ 359,490
In-Kind Contributions - Goods	351,761	-	-	-	-	351,761
Direct Program Expenses	36,758	4,471	68,522	-	-	109,751
Professional	-	58,307	8,375	-	-	66,682
Direct Event Expenses	-	-	-	39,015	-	39,015
Occupancy	9,952	21,383	2,081	-	-	33,416
Utilities	1,104	24,786	-	-	-	25,890
Insurance	-	13,539	-	-	6,668	20,207
Bank Charges	-	10,705	-	-	-	10,705
Postage	-	1,528	6,043	-	-	7,571
Repairs and Maintenance	-	-	-	-	5,335	5,335
Office and Administration	258	3,075	251	-	-	3,584
Printing	-	825	-	-	-	825
Total Expenses Before Depreciation	514,587	304,061	164,566	39,015	12,003	1,034,232
Depreciation	21,973	5,759	5,759	-	-	33,491
Expenses included with Revenues on the Statement of Activities	-	-	-	(39,015)	-	(39,015)
Total Functional Expenses	\$ 536,560	\$ 309,820	\$ 170,325	\$ -	\$ 12,003	\$ 1,028,708

See accompanying notes to the financial statements
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GIFTS OF LOVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Basic Needs Services Program	General Administration	Development	Direct Benefit to Donors	Rental Properties	Total Functional Expenses
In-Kind Contributions - Goods	\$ 421,790	\$ -	\$ -	\$ -	\$ -	\$ 421,790
Salaries, Payroll Taxes, and Benefits	116,412	164,566	113,213	-	-	394,191
Direct Program Expenses	52,765	4,376	49,728	-	-	106,869
Professional	10,359	62,167	5,238	-	-	77,764
Occupancy	410	27,535	-	-	6,618	34,563
Direct Event Expenses	-	-	-	30,325	-	30,325
Utilities	2,835	26,441	-	-	-	29,276
Repairs and Maintenance	-	-	13,072	-	5,500	18,572
Office and Administration	541	8,917	4,783	-	-	14,241
Insurance	-	8,142	-	-	3,885	12,027
Bank Charges	-	6,941	-	-	-	6,941
Printing	-	177	4,861	-	-	5,038
Postage	-	2,537	-	-	-	2,537
Public Relations, Advertising and Marketing	-	-	1,338	-	-	1,338
Total Expenses Before Depreciation	605,112	311,799	192,233	30,325	16,003	1,155,472
Depreciation	9,303	3,577	3,375	-	-	16,255
Expenses included with Revenues on the Statement of Activities	-	-	-	(30,325)	-	(30,325)
Total Functional Expenses	\$ 614,415	\$ 315,376	\$ 195,608	\$ -	\$ 16,003	\$ 1,141,402

See accompanying notes to the financial statements

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GIFTS OF LOVE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in Net Assets	\$ 46,751	\$ 240,386
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	33,491	16,255
(Gain) Loss on Disposal of Property and Equipment	(6,200)	14,732
Net Realized and Unrealized Gains on Investments	(24,351)	(42,766)
Changes in Operating Assets and Liabilities		
Contributions Receivables	28,923	15,307
Inventory	(5,018)	6,468
Prepaid Expenses and Other Assets	(357)	(1,289)
Accounts Payable and Other Liabilities	(8,932)	12,141
Net Cash Provided by Operating Activities	<u>64,307</u>	<u>261,234</u>
Investing Activities		
Purchases of Property and Equipment	-	(111,949)
Proceeds from the Sale of Property and Equipment	8,248	-
Proceeds from the Sales of Investments	181,489	69,662
Purchases of Investments	(141,694)	(79,247)
Net Cash Provided by (Used in) Investing Activities	<u>48,043</u>	<u>(121,534)</u>
Cash Used in Financing Activities		
Principal Repayments on Mortgage Payable	(99,809)	(14,809)
Net Increase in Cash and Cash Equivalents	12,541	124,891
Cash and Cash Equivalents - Beginning of Year	<u>387,656</u>	<u>262,765</u>
Cash and Cash Equivalents - End of Year	<u>\$ 400,197</u>	<u>\$ 387,656</u>

See accompanying notes to the financial statements.

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GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Gifts of Love, Inc. (the Organization) is a not-for-profit organization with locations in Avon, Simsbury, and Hartford, Connecticut. The Organization and the Community Farm of Simsbury, Inc. were merged to form Farm to Family, Inc. on December 5, 2013. The Organization's name was changed to Gifts of Love, Inc. in December, 2017.

Gifts of Love, Inc. helps meet the basic needs of individuals and families in the Greater Hartford area experiencing a short-term financial crisis so they can return to self-sufficiency. The Organization is designed to target those in need whose income exceeds the level to qualify for many government programs. The primary goal of the Organization is for individuals to return to and maintain self-sufficiency and independence during their twelve-month assistance period. The recent economic climate has generated more single income families and significantly increased need among the working poor. Community outreach consists of presentations to civic, community and corporate groups to help spread the message of the Organization's mission to raise awareness and increase and generate interest in volunteerism.

The Organization depends on grants, corporate and individual monetary donations to maintain its office and staff. Besides bulk food purchases, local residents' donations of goods are the Organization's principal method of obtaining program supplies. The Organization continues its mission through the following program:

Basic Needs Services – Clients personally choose from a selection of meat, fresh seasonal produce, baked goods, non-perishable foods, paper goods and personal hygiene items once per month. Provision of food also includes education about food nutrition by gently guiding clients towards the 'better for you' options to improve overall health and well-being. Clients can also choose in-season clothing for their entire family, as well as bed linens, towels, curtains, pots, pans, dishes and small appliances.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. There were no Board designated net assets as of December 31, 2024 or 2023.

With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Net assets with donor restrictions as of December 31, 2024 and 2023 were \$204,506 and \$156,849, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid investments with a maturity of three months or less when acquired.

The Organization maintains its cash and cash equivalents in financial institution accounts that, at times during the year, may exceed federally insured limits. The interest-bearing cash balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank.

Contributions Receivable

Receivables from grants, contributions and other sources from regular operations are stated net of an allowance for doubtful accounts when applicable. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party when considering the need for an allowance. Receivables are written off when management determines amounts will not be collected. As of December 31, 2024 or 2023, there was no allowance for doubtful accounts.

Investments

Investments are reflected at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains or losses and unrealized appreciation or depreciation on investments and investment fees are reflected as investment income, net on the accompanying statements of activities. Realized gains or losses on the sale of investments are determined using the specific identification method.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of donated food, clothing, household items, furniture, and school supplies held for distribution in furtherance of the Organization's mission. These items are initially recorded at fair value at the date of donation, in accordance with Accounting Standards Codification ("ASC") 958-605. Subsequently, inventories are carried at the lower of cost (historical fair value) or current estimated fair market value, determined through an annual review by management.

Management evaluates obsolescence, condition, and marketability to estimate fair market value, with adjustments recognized in the statement of activities as changes in net assets without donor restrictions. No material write-downs were recorded during the fiscal years ended December 31, 2024 and 2023.

Property and Equipment

Property and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 30 years. Donated assets are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Expenditures for repairs and maintenance, which do not materially extend the useful life of an asset, are charged to earnings when incurred.

The Organization reviews for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. These circumstances primarily include, but are not limited to, declines in the property's future undiscounted cash flows.

The Organization measures any impairment of property and equipment when the estimated undiscounted operating income before depreciation and amortization during the anticipated holding period plus its residual value is less than the carrying value of the property.

To the extent impairment has occurred, the Organization charges to income the excess of carrying value of property and equipment over its estimated fair value. Undiscounted cash flows and fair values are estimated using unobservable data such as operating income, estimated capitalization rates, or multiples, and local market information. Changes in economic and operating conditions that occur subsequent to the Organization's review of recoverability of the property and equipment could impact the assumptions used in that assessment and could result in future charges to earnings if assumptions regarding those investments differ from actual results.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support

Contributions and Grants: Contributions and grants are defined as voluntary, nonreciprocal transfers. Unconditional contributions are recognized as revenue when received or pledged, as applicable. Contributions received that are contingent on the occurrence of future events are deferred until the condition is substantially met, at which time revenue is recognized. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires (is satisfied) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed Goods and Services: The Organization recognizes contributed goods and services at their estimated fair market value at the time of donation. The Organization recognizes contributed services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation.

Program Income: Revenues earned for programs are recognized when the program occurs.

Special Events and Sponsorships: The Organization typically holds various fundraising events during the year. Revenue is recognized when the event occurs. Direct special event expenses in the amount of \$39,015 and \$30,325 were netted against revenues for the years ended December 31, 2024 and 2023, respectively.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefited. The functional expenses which were subject to allocation, and the method of allocation, are as follows:

Salaries and Benefits: Allocated based on timekeeping records or estimates of time spent by employees on program, administrative, and development functions.

Professional Fees: Allocated to programs or supporting services based on the primary purpose of the services rendered.

Occupancy, Utilities, and Depreciation: Allocated across functions using square footage occupied by each program or supporting service.

Insurance, Repairs and Maintenance, Office and Administration: Allocated based on proportional usage by function.

Postage, Printing: Assigned to development if related to donor solicitations; otherwise, allocated to programs or general administration based on usage.

Reclassifications

Certain 2023 amounts have been reclassified to conform with current year presentation.

Use of Estimates

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

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The investments of the Organization consist primarily of mutual funds and exchange traded funds. All investments are recorded at fair value. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs, other than Level 1 inputs, 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.

Level 3 – Unobservable inputs supported by little or no market activity that are significant to the fair value of the assets or liabilities.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no transfers between levels during 2024 or 2023.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023.

Exchange Traded Funds: Exchange traded funds are valued at the quoted share prices reported in the active market in which the exchange traded funds are traded.

Mutual Funds: Mutual Funds are valued at the quoted share prices reported in the active market in which the mutual funds are traded.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Organization's investments fair value as of December 31, 2024 and 2023:

	December 31, 2024			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds	\$ 327,812	\$ -	\$ -	\$ 327,812
Mutual Funds	232,701	-	-	232,701
Investments at Fair Value	<u>\$ 560,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,513</u>
	December 31, 2023			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds	\$ 317,144	\$ -	\$ -	\$ 317,144
Mutual Funds	258,813	-	-	258,813
Investments at Fair Value	<u>\$ 575,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 575,957</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows as of December 31:

	2024	2023
Buildings	\$ 358,734	\$ 358,734
Building Improvements	43,799	43,799
Office Equipment	5,158	5,408
Vehicles	86,608	98,608
Furniture & Fixtures	6,240	6,240
Property and Equipment, gross	500,539	512,789
Less: Accumulated Depreciation	(174,373)	(151,084)
Net Property and Equipment	<u>\$ 326,166</u>	<u>\$ 361,705</u>

Depreciation expense for the years ended December 31, 2024 and 2023, was \$33,491 and \$16,255, respectively.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 5 – INVENTORIES

As of December 31, 2024 and 2023, inventories consists of the following:

	<u>2024</u>	<u>2023</u>
Food	\$ 53,509	\$ 28,366
Clothing	18,729	20,354
School Supplies	8,519	14,525
Household Items	3,525	14,375
Gift Cards	3,500	5,144
Total	<u>\$ 87,782</u>	<u>\$ 82,764</u>

NOTE 6 – MORTGAGE PAYABLE

On May 13, 2013, the Organization entered into a mortgage agreement to fund the purchase of a building in Avon, CT. The original principal amount of the mortgage was \$485,000, which is secured by the building.

On February 10, 2017, the mortgage was modified to make monthly principal and interest payments of \$5,455 beginning with the March 13, 2017, payment through February 13, 2022. On June 4, 2019, the mortgage was refinanced with the same bank. The mortgage was payable in 120 monthly installments of \$1,786 including interest of 6.05%. During 2024, the Organization repaid the mortgage in full. The mortgage balance was \$99,809 at December 31, 2023. Total interest expense during for the years ended December 31, 2024 and 2023, was \$1,508 and \$6,619, respectively. Interest expense is included as a component of occupancy expense on the statements of functional expenses.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Contributions received that are restricted by the donor for a specific purpose or time period are classified as net assets with donor restrictions. Net assets with donor restrictions for the following purposes as of December 31:

	<u>2024</u>	<u>2023</u>
Weekend Backpack Program	\$ 114,903	\$ 105,286
Basic Needs	40,657	35,216
Time Restrictions	-	16,347
Office Renovations	<u>48,946</u>	<u> </u>
Total	<u>\$ 204,506</u>	<u>\$ 156,849</u>

NOTE 8 – LEASE AGREEMENTS

As Lessor

The Organization leases a portion of its administrative office building under leases continuing on a month-to-month basis. The total income recognized under the building leases for the years ended December 31, 2024 and 2023, was \$20,380 and \$15,120, respectively.

As Lessee

On July 1, 2019, the Organization entered into a lease agreement for its office space located in Hartford, CT, with initial term ended July 31, 2021. The lease included a renewal option which automatically renewed the term from July 1 to June 30 each year after the initial term.

For the years ended December 31, 2024 and 2023, the Organization could not reasonably assess as being probable of exercise of the renewal option at lease commencement or subsequent reporting dates. Consequently, the lease was classified as a short-term lease under ASC 842, and no right of use asset or lease liability was recognized.

In 2025, the Organization elected not to exercise the renewal option, and the lease is set to terminate in June 2025.

Total lease expense related to this short-term lease was \$18,995 and \$20,950 for the years ended December 31, 2024 and 2023, respectively. Lease expense is included as a component of occupancy expense within the statements of functional expenses

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 9 – CONTRIBUTED GOODS AND SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist management with the operation of the Organization. Management estimates that the Organization received 11,601 and 9,961 hours of volunteer time for the years ended December 31, 2024 and 2023, respectively. The volunteer hours have not been recorded in the statements of activities, as they did not meet the requirements for recognition.

Contributed goods consisting of food, clothing, furniture, school supplies and other items are valued at fair value using various third-party sources that sell similar retail goods. Donated goods are used for activities described in the Organization's nature of activities. The value of donated goods recognized for the years ended December 31, 2024 and 2023, was \$358,434 and \$417,263, respectively, with no donor restrictions.

NOTE 10 – INCOME TAXES

The Organization is a not-for-profit organization exempt from taxation under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Organization is required to file Federal Form 990 annually.

The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions.

NOTE 11 – INFORMATION ABOUT LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The operations and programs of the Organization are primarily funded by grants, annual contributions (cash and in-kind) and special events. The grants are re-applied for on a recurring basis when allowed and the December 31, 2024 and 2023, grants have been awarded accordingly. These revenues allow the Organization to provide mission-related services while maintaining a positive working capital position.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 11 – INFORMATION ABOUT LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following reflects the Organization’s financial assets as of the financial position date, reduced by amounts not available for general use within one year of the financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2024</u>	<u>2023</u>
Financial assets at December 31:		
Cash and Cash Equivalents	\$ 400,197	\$ 387,655
Investments	560,513	575,957
Receivables	-	28,923
Inventory	87,782	82,764
	<u>1,048,492</u>	<u>1,075,299</u>
Less: donor restricted net assets	<u>(204,506)</u>	<u>(156,849)</u>
Total financial assets available within one year	<u>\$ 843,986</u>	<u>\$ 918,450</u>

NOTE 12 – CONTINGENCIES

The Organization is subject to various claims and potential legal proceedings that arise in the ordinary course of its activities. Management believes that any liability, if any, that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Organization.

NOTE 13 – EMPLOYEE RETENTION CREDITS

During the year ended December 31, 2023, the Organization applied for Employee Retention Credits (ERC) under the Coronavirus Aid, Relief and Economic security Act, totaling \$147,665. This program grants eligible entities an amount equal to 50% of qualified wages in each calendar quarter from March 13, 2020 through December 31, 2021. During the year ended December 31, 2023, the Organization received \$155,311 of ERCs, reflected in the statement of activities and change in net assets as employee retention credit income. Due to uncertainties in the processing of the ERC claims, the ERC were not recorded as income or as a receivable until collection was assured. Actual ERC income exceeded the amounts applied for due to interest on the credits.

GIFTS OF LOVE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated for subsequent events for recognition and disclosure through July 17, 2025, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.