



NeighborShare, Inc

Financial Statements

For the Year Ended December 31, 2024



Babson & Associates, LLC

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Independent Auditors' Report

To the Board of Directors of
NeighborShare, Inc
Westport, CT 06880

Opinion

We have audited the accompanying financial statements of NeighborShare, Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year 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 NeighborShare, 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 Financial Statements section of our report. We are required to be independent of NeighborShare, 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 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 NeighborShare, Inc 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,

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 NeighborShare, Inc 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 NeighborShare, Inc 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.

A handwritten signature in cursive script that reads "Mariya Babson". The signature is written in black ink and includes a horizontal line underneath the name.

Mariya Babson, Certified Public Accountant
Babson & Associates, LLC
Duxbury, Massachusetts
October 14, 2025

NeighborShare, Inc

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December 31, 2024

Independent Auditors Report

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NeighborShare, Inc
Statement of Financial Position
Year Ended December 31, 2024

Assets

Current Assets	Total
Cash and cash equivalents	\$ 458,523
Contributions receivable, net	552,180
Prepaid expenses	4,800
Total current assets	<u>1,015,503</u>
Noncurrent Assets	
Intangible assests, net	<u>31,649</u>
Total net noncurrent assets	<u>31,649</u>
Total Assets	<u>\$ 1,047,152</u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 3,597
Giving card liability	4,188
Total current liabilities	<u>7,785</u>
Total liabilities	<u>7,785</u>
Net Assets	
Without donor restrictions	505,244
With donor restrictions	534,123
Total net assets	<u>1,039,367</u>
Total Liabilities and Net Assets	<u>\$ 1,047,152</u>

NeighborShare, Inc
Statement of Activities
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue and Support			
Grants and contributions	\$ 692,733	\$ 125,000	\$ 817,733
Special events revenue, net of direct donor benefits costs	65,969		65,969
In-kind contributions			
Services	40,000		40,000
Products	3,552		3,552
Event rent & food	24,109		24,109
Net assests released from donor restrictions	205,319	(205,319)	-
	<u>1,031,682</u>	<u>(80,319)</u>	<u>951,363</u>
Operating Expenses			
Program services	605,250	-	605,250
General and administrative	69,580	-	69,580
Fundraising	91,610	-	91,610
	<u>766,440</u>	<u>-</u>	<u>766,440</u>
Change in Net Assets From Operating activities	265,242	(80,319)	184,923
Non-operating activities			
Interest earned	242	-	242
Change in net assests from non-operating activities	<u>242</u>	<u>-</u>	<u>242</u>
Total change in net assests	265,484	(80,319)	185,165
Net Assets at Beginning of Year	239,760	614,442	854,202
Net Assets at End of Year	<u>\$ 505,244</u>	<u>\$ 534,123</u>	<u>\$ 1,039,367</u>

NeighborShare, Inc
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program	Management General & Administrative	Fundraising	Cost of Direct Donor Benefits	Total
Salaries	\$ 158,167	21,667	36,833	-	\$ 216,667
Taxes	12,008	1,645	2,796	-	16,449
Benefits	6,811	933	1,586	-	9,330
	<u>176,986</u>	<u>24,245</u>	<u>41,215</u>	<u>-</u>	<u>242,446</u>
Program beneficiary assistance	325,375	-	-	-	325,375
Fundraising Event Venue Package	-	-	-	19,984	19,984
Fundraising Event Catering Costs	-	-	-	10,400	10,400
Fundraising Event - Other Costs	-	-	6,333	-	6,333
Accounting Fees	15,800	1,975	1,975	-	19,750
Consulting Services	65,136	13,022	39,342	-	117,500
Amortization Expense	-	27,595	-	-	27,595
Information Technology	9,025	1,128	1,128	-	11,281
Merchant Fees	4,086	511	511	-	5,108
Travel Expenses	4,204	526	526	-	5,256
Insurance	1,129	141	141	-	1,411
Miscellaneous Expense	3,509	437	439	-	4,385
Total Expenses	\$ 605,250	69,580	91,610	30,384	\$ 796,824
Less: direct donor benefits costs				(30,384)	(30,384)
Total Functional expenses	\$ 605,250	69,580	91,610	- -	\$ 766,440

See accountants' audit report and accompanying notes to the financial statements.

NeighborShare, Inc
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities	<u>Total</u>
Change in Net Assets From Operating activities	\$ 185,166
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation & amortization	27,595
Decrease (increase) in assets	
Contributions receivable, net	(552,180)
Prepaid expenses	(4,219)
Increase (decrease) in liabilities	
Accounts payable	(6,256)
Net Cash (Used in) Provided by Operating Activities	<u>(349,894)</u>
 Net Increase In Cash, Cash Equivalents, & Restricted Cash	 (349,894)
Cash, Cash Equivalents, & Restricted Cash - Beginning	<u>808,417</u>
Cash, Cash Equivalents, & Restricted Cash - Ending	<u><u>\$ 458,523</u></u>

1. Nature of the Business

NeighborShare, Inc (the "Organization") is a Connecticut nonprofit organization incorporated in the state of Delaware in 2020. The Organization was created to fill the critical gap in the ecosystem by delivering just in time resources to Americans struggling financially by connecting neighbors who need help with neighbors who want to help.

The Organization partners with community heroes; case workers, social workers, etc. who are already on the ground in communities, to identify urgent needs of \$400 or less that would otherwise go unmet. When local options have been exhausted, the Organization uses its online platform to connect those critical needs with people who want to help, effectively removing the red tape to accessing real-time help. This is done through the identification and submission of community needs by the front line staff of nonprofit partners via Organization's platform, where a community of donors gain visibility to those needs and can provide much needed financial support in real-time. The Organization allows case workers, teachers, healthcare professionals, and other community leaders to connect with donors ready to make a difference for households in need. It also gives donors the peace of mind to know that the need has been verified and the money is being directed by an on-the-ground expert who is maximizing its impact. Donors can give with confidence, knowing their contributions will go directly to real households with real needs.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

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 those resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of the financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents, provided they are not held for or restricted by donors for long-term purposes.

Concentration of Credit Risk

The Organization maintains cash balances with financial institution insured by the Federal Deposit Insurance Corporation. The balances in some accounts time to time may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

Contributions Receivable

The Organization recognizes unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in Grants and contributions receivable consist of unconditional promises to give to be collected over a term specified by the funder. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Each year, the promises to give are evaluated for collectability and an allowance for uncollectible promises is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off against the allowance account when deemed uncollectible.

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grants and contribution revenue in the statements of activities and changes in net assets. Long-term contributions receivables are analyzed each year to determine if there is a need for an allowance based on management's assessment of their collectability.

Contributions from two grantors comprised 91% of the Organization's total grants and contribution receivable during the year ended December 31, 2024.

Intangible Assets

The Organization internally developed software to facilitate its cloud-based program to connect donors with those in need. The cost of the software has been capitalized as an intangible asset. Upgrades and enhancements are defined as modifications to the existing internal-use software which provides additional functionality. The initial software costs, upgrades and enhancements are being amortized over their estimated useful lives, ranging from 24 to 48 months on a straight-line basis.

Revenue Recognition

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as net assets with or without donor restrictions, depending on the existence and or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions, if restriction expires in the reporting period in which the

NeighborShare, Inc

Notes to Financial Statements

Contributions and Grants (continued)

contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restrictions. 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 donor restrictions and reported in the statements of activities as net assets released from restrictions.

Special Events Revenue

The Organization holds special event fundraisers. Revenue from special events consists of ticket sales, sponsorships, and contributions at the event. Special events revenue is presented on the statement of activities and changes in net assets net of the cost of direct donor benefits.

Donated Goods and Services

In the course of operations, the Organization receives donations of nonfinancial assets and services. The Organization recognizes contributions from donations of goods at fair value at the time of donation. The Organization only recognizes contributions from donated services that create or enhance non-financial assets or that required specialized skills and would be typically need to be purchased, if not provided by donation.

Program Beneficiary Assistance Expense

The Organization records an expense for unconditional support to program beneficiaries once the donation is approved by the Organization. The Organization's senior management approves funding requests from nonprofit partners for financial support if the needs of the beneficiaries are not met through the marketplace.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis amongst its various functions. All of the Organization's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses that cannot be identified with specific program and support services are allocated directly to their expenditure classification. Management, general and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and include those costs related to the internal management and accounting for program services.

Income Taxes

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is exempt from federal and state income taxes. The Organization is not a private foundation within the meaning of the Code and qualifies for the charitable contribution deduction. During fiscal year ended December 31, 2024, the Organization did not earn any unrelated business income. Accordingly, no provision for income taxes is included in the financial statements. The Organization's management has determined that it has no uncertain tax positions, however, the information and tax returns are subject to examination by Federal and State jurisdictions.

NeighborShare, Inc

Notes to Financial Statements

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of the financial position, comprise the following.

	<u>12/31/24</u>
Cash and cash equivalents	\$ 458,523
Pledges receivable	552,180
Prepaid expenses	<u>4,800</u>
	\$ 1,015,503
Less assets with donor restrictions	(534,123)
Financial assets available for one year of general expenditures	<u>\$ 481,380</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization strives to maintain liquid financial assets sufficient to cover approximately six months of general expenditures which, on average, represents approximately \$50,000 per month (net of in-kind expenses).

4. Intangible Assets

The Organization's intangible assets consisted of the following at December 31, 2024:

Data platform development costs	\$ 72,940
Less: accumulated amortization	<u>(41,291)</u>
	\$ 31,649

During the year ended December 31, 2022, the Organization capitalized internal use cloud-based data platform costs in the amount of \$35,500 which were incurred to build a data input platform on the cloud for the Organization and its nonprofit partners. The platform was built to allow the Organization and its stakeholders to efficiently meet the most basic needs of the Organization's growing program beneficiaries. During the year ended December 31, 2023, the Organization capitalized data analytics platform costs totaling \$37,440 to enable the Organization to more effectively carry out its cloud-centric program. The Organization has estimated the period of benefit for these cloud-based platform costs to range from 24 to 48 months.

Estimated amortization expense of the data platform costs for the next three years is as follows:

2025	\$ 22,774
2026	8,875

5. Donated Goods and Services

For the year ended December 31, 2024, the following donated goods and services were recognized as revenues with offsetting assets or expenses in the accompanying financial statements:

	<u>2024</u>
Information technology services	\$ 40,000
Fundraising event venue package	24,109
Fundraising event merchandise	1,337
Fundraising event auction items	<u>2,215</u>
	\$ 67,661

NeighborShare, Inc

Notes to Financial Statements

5. Donated Goods and Services (continued)

During the year ended December 31, 2024, the Organization received donated goods and services valued at \$67,661 for use in its programs and fundraising activities. There were no restrictions associated with those in-kind donations. Pro bono information technology services and in-kind fundraising events costs were valued using prevailing market rates for the services and goods provided, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2024:

Restriction:	1/1/2024	Additions	Releases	12/31/2024
Location	\$ 600,000	-	(170,879)	\$ 429,121
Education needs		100,000	(19,998)	80,002
Medical needs	9,442	25,000	(9,442)	25,000
Other needs	5,000	-	(5,000)	-
Total:	\$ 614,442	125,000	(205,319)	\$ 534,123

7. Retirement Plan

On September 1, 2022, the Organization adopted a 401(k) defined contribution retirement plan (the "Plan") to provide its employees with the opportunity to save for retirement on a tax-advantaged basis. The Plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA) and the requirements of Section 401(k) of the Internal Revenue Code. A professional employer organization is both the sponsor and the administrator of the Plan. All employees who have worked at least two months for the Organization are eligible to participate in the employer non-elective contributions. The Organization has elected to waive the eligibility requirement for all current employees as of September 1, 2022. Participating employees must defer at least 1% of his or her compensation each year. The Organization's safe harbor matching contribution policy is to match 100% per pay period up to 4% of each employee's compensation per pay period. For the year ended December 31, 2024, the Organization's contribution to the Plan was \$8,804.

8. Prior Period Adjustment

During the current year, the Organization identified a timing difference related to revenue recognition in its previously issued financial statements for the year ended December 31, 2023. To more accurately reflect the appropriate accounting period, an adjustment was made to the prior period financial statements. This adjustment resulted in a \$300,000 reclassification between revenue and net assets as of December 31, 2024. The Organization has included this clarification in the current financial statements to provide additional transparency. There was no material impact on cash flows or overall operating results from this adjustment.

9. Recently Implemented Guidance

On January 1, 2024 the Organization has adopted ASC 326 which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the

9. Recently Implemented Guidance (continued)

Organization that are subject to the guidance in ASC 326 were accounts receivable. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

10. Subsequent Events

The Organization has evaluated subsequent events through October 14, 2025, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date that would require disclosure in or adjustment to the financial statements.