

BIRCH COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

Year Ended October 31, 2024



KERN ▲ THOMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

**BIRCH COMMUNITY SERVICES, INC.**

**FINANCIAL STATEMENTS**

**Year Ended October 31, 2024**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Birch Community Services, Inc.  
Portland, Oregon

***Opinion***

We have audited the accompanying financial statements of Birch Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2024, and the related statements of activities, functional expenses, 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 Birch Community Services, Inc. as of October 31, 2024, and the changes in 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 Birch Community Services, 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 Birch Community Services, 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, including omissions, 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.

To the Board of Directors  
Birch Community Services, Inc.

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 Birch Community Services, 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 Birch Community Services, 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.

We have previously audited Birch Community Services, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kern & Thompson, LLC*

Portland, Oregon  
March 19, 2025

**BIRCH COMMUNITY SERVICES, INC.**

**STATEMENT OF FINANCIAL POSITION**

**October 31, 2024**

(With Comparative Totals as of October 31, 2023)

**ASSETS**

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 228,270	\$ 272,405
Grants receivable	42,000	182,000
Inventory	733,294	1,211,521
Investments	1,114,547	607,502
Prepaid expenses	19,592	19,020
Property and equipment, net	622,695	464,130
Deposits	-	99,215
Right of use asset	825,140	1,018,725
<b>Total assets</b>	<b><u>\$ 3,585,538</u></b>	<b><u>\$ 3,874,518</u></b>

**LIABILITIES AND NET ASSETS**

Accounts Payable	\$ 42,682	\$ 28,716
Accrued payroll	103,071	79,645
Deferred revenue	86,640	76,380
Refundable advance	20,000	-
Right of use liability	869,201	1,057,077
<b>Total liabilities</b>	<b><u>1,121,594</u></b>	<b><u>1,241,818</u></b>
<b>Net assets</b>		
Without donor restrictions	2,119,135	2,192,353
With donor restrictions	344,809	440,347
<b>Total net assets</b>	<b><u>2,463,944</u></b>	<b><u>2,632,700</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,585,538</u></b>	<b><u>\$ 3,874,518</u></b>

See notes to financial statements.

**BIRCH COMMUNITY SERVICES, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended October 31, 2024**

(With Comparative Totals for the Year Ended October 31, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
<b>In-kind food and clothing</b>				
Donated food and clothing	\$ 22,688,764	\$ -	\$ 22,688,764	18,694,365
Distributed food and clothing	<u>(23,166,991)</u>	<u>-</u>	<u>(23,166,991)</u>	<u>(18,337,839)</u>
<b>Net in-kind food and clothing</b>	<u>(478,227)</u>	<u>-</u>	<u>(478,227)</u>	<u>356,526</u>
<b>Support and revenue</b>				
Contributions	963,424	312,534	1,275,958	\$ 1,218,140
Membership dues	1,091,254	-	1,091,254	907,290
Recycling income	20,273	-	20,273	26,565
Investment return	86,909	-	86,909	13,792
Other income	12,669	-	12,669	19,424
	<u>2,174,529</u>	<u>312,534</u>	<u>2,487,063</u>	<u>2,185,211</u>
Net assets released from restrictions	<u>408,072</u>	<u>(408,072)</u>	<u>-</u>	<u>-</u>
<b>Total in-kind, support and revenue</b>	<u>2,104,374</u>	<u>(95,538)</u>	<u>2,008,836</u>	<u>2,541,737</u>
<b>Operating expenses</b>				
Program services	1,601,505	-	1,601,505	1,265,706
Supporting services				
Management and general	400,987	-	400,987	269,155
Development	175,100	-	175,100	123,953
<b>Total operating expenses</b>	<u>2,177,592</u>	<u>-</u>	<u>2,177,592</u>	<u>1,658,814</u>
<b>Change in net assets</b>	<b>(73,218)</b>	<b>(95,538)</b>	<b>(168,756)</b>	<b>882,923</b>
Net assets, beginning of year	<u>2,192,353</u>	<u>440,347</u>	<u>2,632,700</u>	<u>1,749,777</u>
<b>Net assets, end of year</b>	<b>\$ <u>2,119,135</u></b>	<b>\$ <u>344,809</u></b>	<b>\$ <u>2,463,944</u></b>	<b>\$ <u>2,632,700</u></b>

See notes to financial statements.

**BIRCH COMMUNITY SERVICES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended October 31, 2024**

(With Comparative Totals for the Year Ended October 31, 2023)

	<b>PROGRAM SERVICES</b>	<b>SUPPORTING SERVICES</b>		<b>Total</b>	
		<b>Management and General</b>	<b>Development</b>	<b>2024</b>	<b>2023</b>
Payroll and payroll taxes	\$ 1,000,812	\$ 125,102	\$ 125,102	\$ 1,251,016	\$ 941,533
Employee benefits	78,371	9,796	9,796	97,963	79,401
Grant writing	-	-	17,625	17,625	14,250
Utilities	73,134	18,284	-	91,418	70,993
Maintenance and repairs	30,082	3,342	-	33,424	22,357
Insurance	-	29,034	-	29,034	22,684
Truck and automobile	97,290	-	-	97,290	68,265
Office expense	-	132,744	22,577	155,321	65,748
Technology	-	14,019	-	14,019	2,151
Postage and delivery	-	689	-	689	7,810
Printing and copying	-	5,220	-	5,220	5,033
Occupancy	206,446	28,647	-	235,093	235,092
Bank fees	-	15,635	-	15,635	17,653
Professional fees	-	18,475	-	18,475	20,975
Depreciation	115,370	-	-	115,370	84,869
<b>Total operating expenses</b>	<b>1,601,505</b>	<b>400,987</b>	<b>175,100</b>	<b>2,177,592</b>	<b>1,658,814</b>
Value of in-kind distributions	23,166,991	-	-	23,166,991	18,337,839
<b>Total expenses</b>	<b>\$ 24,768,496</b>	<b>\$ 400,987</b>	<b>\$ 175,100</b>	<b>\$ 25,344,583</b>	<b>\$ 19,996,653</b>

See notes to financial statements.

**BIRCH COMMUNITY SERVICES, INC.**

**STATEMENT OF CASH FLOWS**

**Year Ended October 31, 2024**

(With Comparative Totals for the Year Ended October 31, 2023)

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (168,756)	\$ 882,923
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	115,370	84,869
Net in-kind donations	478,226	(356,526)
Change in lease measurement	5,709	38,352
Unrealize (gain) loss on investments	(41,016)	(12,607)
Changes in assets and liabilities:		
Grants receivable	140,000	(129,000)
Prepaid expenses	(572)	(3,150)
Accounts payable	13,966	28,716
Accrued payroll	23,426	11,464
Refundable advance	20,000	
Deferred revenue	10,260	12,380
<b>Net cash provided by operating activities</b>	<b>596,613</b>	<b>557,421</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(720,328)	(575,000)
Redemption of investments	254,300	50,000
Purchase of property and equipment	(174,720)	(259,707)
<b>Net cash used in investing activities</b>	<b>(640,748)</b>	<b>(784,707)</b>
<b>Net change in cash</b>	<b>(44,135)</b>	<b>(227,286)</b>
Cash, beginning of year	272,405	499,691
<b>Cash, end of year</b>	<b>\$ 228,270</b>	<b>\$ 272,405</b>

See notes to financial statements.



**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**October 31, 2024**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Birch Community Services, Inc. (the Organization) is a nonprofit organization formed under the laws of the State of Oregon. The Organization’s mission is to provide a community where people can be responsible and accountable for meeting their basic needs, and to equip them with tools to overcome financial difficulty.

Birch Community Services, Inc. serves approximately 900 families and 70 other not-for-profit agencies. The Organization’s programs strengthen the financial security of lower-income families through our four pillars of “Food, Education, Freedom, Legacy.” Food provides immediate financial relief and creates margin in budget to pay down debt. Education is provided by our Financial Literacy Department through one-on-one meetings and financial courses. Freedom is experienced as goals are accomplished and families become debt-free. Legacy results as families are able to demonstrate financial stability, influencing their community and children’s futures.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred. Transactions are classified according to the existence or absence of donor-imposed restrictions.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

With regard to revenues from all sources, the Organization evaluates whether each transfer of assets is (1) an exchange reciprocal transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Organization recognizes revenue (1) when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and (2) when the customer obtains control of that good or service. Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” (primarily membership dues) are recognized monthly when all risks and rewards transfer. Amounts received from customers in advance are recorded as deferred revenue until the Organization’s performance obligations are satisfied
- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a release of a promisor’s obligation to transfer assets. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Conditional Awards**

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

At October 31, 2024, the Organization had no authorized conditional awards that have not been recognized because the required condition (incurring qualifying expenses) has not been met.

**Refundable Advances**

Conditional awards received in advance of the required condition having been met are recorded as refundable advances. As of June 30, 2024, the Organization received \$20,000 in conditional awards where conditions are not yet met.

**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants Receivable**

Grants receivable are recorded monthly as the related services are provided and billed. Management periodically assesses the need for an allowance for credit losses based on historical experience and existing conditions affecting probable collection. Receivables are considered impaired if unpaid balances are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management has determined that an allowance for credit losses was not necessary as of October 31, 2024.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized in the statement of activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

**Estimates**

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

**Cash and Cash Equivalents**

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Inventory**

The Organization receives contributions of food and clothing. These contributions represent a significant portion of the Organization's operations and are reflected as in-kind donations and recorded at their estimated wholesale value. The Organization's policy is to value donated products at values determined by similar organizations. For the year ended October 31, 2024, the values used were \$1.50 per pound for food; \$1.00 per pound for clothing; \$50 per pair of work boots.

**Contributed Services**

A substantial number of volunteers have donated significant amounts of their time to the Organization and its educational programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment is recorded at cost when purchased, or fair market value when donated. Expenditures exceeding \$5,000 for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation of property and equipment has been calculated using the straight-line method over the following estimated useful lives:

Vehicles	5 years
Furniture and fixtures	5-10 years
Building and improvements	15 years

**Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). There were no amounts in excess of FDIC coverage at October 31, 2024.

**Income Taxes**

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

**Leases**

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of the right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to contract and direct the use of the identified asset.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as fixed common area and other fixed maintenance costs, in calculating the Right of Use (ROU) assets and lease liabilities for its office buildings, apartments and vehicles. Non-lease components, which primarily include payments for maintenance and utilities, are excluded from lease payments in calculating the ROU balances.

**BIRCH COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or financing at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, or lease incentives. The Organization uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Organization uses a risk-free discount rate to measure the present value.

Lease expense is generally recognized on a straight-line basis over the lease term.

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended October 31, 2023, from which the summarized information was derived.

**NOTE C – FAIR VALUE MEASUREMENTS**

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** - Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments and cash equivalents.

**Level 2** - Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** - Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interests in assets held by others.

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

The fair values of investments measured on a recurring basis, at October 31, 2024, is \$1,114,547. The investments are mutual funds, all level 1 investments.

**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE D – RETIREMENT SAVINGS PLAN**

The Organization has adopted a Simple Plan for the benefit of its employees and contributed \$22,642 to the Plan for the year ended October 31, 2024.

**NOTE E – DONATED ASSETS AND SERVICES**

Donated goods are reflected as a contribution when received. The organization received approximately 11 million pounds of products from the food industry, other businesses, community organizations and individuals in 2024. To arrive at the estimated wholesale fair value, the organization uses rates similar to other regional food banks as a guide to determine an average rate that reflects the specific composition of inventory held. The products are valued as follows: food is valued at its estimated wholesale value of \$1.50 per pound, clothing at \$1.00 per pound, and boots at \$50 per pair.

Donations of materials and small equipment are reflected as support without donor restrictions and expensed as utilized at their estimated fair value.

It is the Organization's policy to utilize gifts of non-monetary assets to carry out its mission. If an asset is gifted that the Organization cannot utilize, the asset will be sold at fair market value or returned to the donor.

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ending October 31, 2024, approximately 30,000 volunteer hours were provided to assist with warehouse operations. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

Inventory consists of the following:

Food	\$	670,394
Boots		62,900
	\$	<u>733,294</u>

**NOTE F – PROPERTY AND EQUIPMENT**

Property and equipment as of October 31, 2024, consists on the following:

Transportation equipment	\$	606,125
Equipment		848,035
Leasehold improvements		120,521
		<u>1,574,681</u>
Less accumulated depreciation		<u>(951,986)</u>
Net property and equipment	\$	<u>622,695</u>

Depreciation expense totaled \$115,370 for the year ended October 31, 2024.

**BIRCH COMMUNITY SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE G – RESTRICTIONS ON NET ASSETS**

Restrictions on net assets consist of amounts received with purpose restrictions to carry out specific program activities or purchase equipment.

Subject to purpose restrictions:	
Facilities development	\$ 165,000
Other programs	137,809
	<u>302,809</u>
Subject to timing restriction	<u>42,000</u>
Total net assets with donor restrictions	<u><u>\$ 344,809</u></u>

**NOTE H – RIGHT OF USE ASSET AND LIABILITY**

The Organization leases its facilities under an operating lease that expires August 31, 2028. Lease payments are \$19,592 per month, increasing approximately 3% annually through the final year of the lease term. The Organization recognized an initial ROU asset and liability of \$1,209,410 using a risk free 5-year rate of 4.27% based on the expected remaining lease term.

Annual cash paid for ROU lease	\$ <u>229,384</u>
Annual lease expense for ROU lease	\$ <u>235,092</u>
Weighted-average remaining lease term	4 years
Weighted-average discount rate	4.27%

Minimum lease payments and reconciliation to the statement of financial position at October 31, 2024, are as follows:

Year Ending October 31,	
2025	\$ 236,294
2026	243,486
2027	250,978
2028	<u>214,490</u>
Total future undiscounted lease payments	945,248
Less present value discount	<u>(76,047)</u>
Total Lease liability	<u><u>\$ 869,201</u></u>

**BIRCH COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**October 31, 2024**

**NOTE I – LIQUIDITY**

The following chart represents the Organization's financial assets available for general expenditures within one year of October 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 228,270
Grants receivable	42,000
Investments	<u>1,114,547</u>
Total financial assets	1,384,817
Less amounts unavailable for general expenditure within one year:	
Net assets with donor restrictions	<u>(344,809)</u>
Financial assets available to meet cash needs within one year	<u>\$ 1,040,008</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE J – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 19, 2025, which is the date the financial statements were available to be issued.