

SPREAD THE WORD NEVADA

FINANCIAL STATEMENTS

JUNE 30, 2025

**SPREAD THE WORD NEVADA
FINANCIAL STATEMENTS
JUNE 30, 2025**

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Independent Auditor's Report

To the Board of Directors of
Spread the Word Nevada

Opinion

We have audited the accompanying financial statements of Spread the Word Nevada (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Spread the Word Nevada (the "Organization") as of June 30, 2025, 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 the Organization 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 aggregate, that raise substantial doubt about the Organization'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 Responsibility 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.



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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 Organization'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 Organization'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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
November 3, 2025

SPREAD THE WORD NEVADA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

Current Assets:

Cash and cash equivalents	\$ 228,091
Investments	2,118,828
Grants receivable	135,972
Unconditional promises to give, net	97,649
Inventory	1,650,240
Prepaid expenses	30,775
Total current assets	<u>4,261,555</u>

Property and Equipment, net

9,583,516

Other Assets:

ROU assets for operating leases, net	57,315
Unconditional promises to give, net of current portion	121,518
Refundable deposits	10,552
Total other assets	<u>189,385</u>

Total Assets

\$ 14,034,456

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 150,714
Accrued expenses	88,899
Deferred revenue	6,969
Current operating lease liability	27,045
Total current liabilities	<u>273,627</u>

Long-Term Liabilities:

Line of credit	2,576,005
Liability for operating leases, net	30,559
Total Liabilities	<u>2,880,191</u>

Net Assets:

Without donor restrictions	9,847,973
With donor restrictions	1,306,292
Total net assets	<u>11,154,265</u>

Total Liabilities and Net Assets

\$ 14,034,456

See accompanying notes to the financial statements.

**SPREAD THE WORD NEVADA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Assets without Donor Restrictions

Revenue and other support:	
In-kind donations	\$ 3,562,585
Grant income	1,162,643
Contributions	683,169
Special events, net of expenses of \$473,383 of which \$243,244 are in-kind donations	442,431
Interest income	57,206
Net assets released from donor restrictions	998,345
	<u>6,906,379</u>
Expenses:	
Program services:	
Kids to Kids	4,929,570
Books & Buddies	490,710
Family Literacy	300,733
Readers in Training	568,200
	<u>6,289,213</u>
Supporting services:	
Management and general	698,830
Fundraising	572,986
	<u>7,561,029</u>
Other income:	
Realized and unrealized gain on investments	134,259
Employee retention tax credit	198,319
Unrelated business income	76,666
Other income	5,838
Gain on sale of property and equipment	3,451
	<u>418,533</u>
Decrease in net assets without donor restrictions	<u>(236,117)</u>

Net Assets with Donor Restrictions

Contributions	2,304,637
Net assets released from donor restrictions	(998,345)
Increase in net assets with donor restrictions	<u>1,306,292</u>
Increase in Net Assets	1,070,175
Net Assets, Beginning of Year	<u>10,084,090</u>
Net Assets, End of Year	<u>\$ 11,154,265</u>

See accompanying notes to the financial statements.

SPREAD THE WORD NEVADA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services					Management and General	Fundraising	Total
	Kids to Kids	Books & Buddies	Family Literacy	Readers in Training	Total Program			
Advertising	\$ 6,934	\$ -	\$ -	\$ -	\$ 6,934	\$ -	\$ 2,064	\$ 8,998
Automobile expense	13,951	148	-	-	14,099	-	-	14,099
Depreciation	170,595	19,684	19,684	26,245	236,208	42,649	49,210	328,067
Fundraising expenses	-	-	-	-	-	-	18,233	18,233
Insurance	44,679	8,760	8,760	8,760	70,959	5,256	11,388	87,603
Interest	79,033	15,497	15,497	15,497	125,524	9,298	20,146	154,968
Office and other expenses	145,883	13,912	8,382	104,431	272,608	89,031	35,350	396,989
Outside services	65,484	35,748	28,668	24,420	154,320	-	-	154,320
Payroll related expenses	70,532	48,586	21,444	39,666	180,228	54,368	49,315	283,911
Professional services	17,020	2,903	2,903	2,903	25,729	163,962	31,917	221,608
Program expenses	3,688,659	83,055	29,684	98,244	3,899,642	-	-	3,899,642
Rent expense	84,032	10,567	16,867	14,321	125,787	13,170	13,914	152,871
Salaries and wages	512,473	247,935	144,371	227,849	1,132,628	316,062	336,302	1,784,992
Utilities	30,295	3,915	4,473	5,864	44,547	5,034	5,147	54,728
	<u>\$ 4,929,570</u>	<u>\$ 490,710</u>	<u>\$ 300,733</u>	<u>\$ 568,200</u>	<u>\$ 6,289,213</u>	<u>\$ 698,830</u>	<u>\$ 572,986</u>	<u>\$ 7,561,029</u>

See accompanying notes to the financial statements.

**SPREAD THE WORD NEVADA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

Cash Flows from Operating Activities	
Increase in net assets	\$ 1,070,175
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Donated value of stock	(1,282,166)
Realized and unrealized gain on investments	(134,259)
Noncash donation of inventory	(3,281,390)
Depreciation	328,067
Gain on sale of property and equipment	(3,451)
Lease accretion	(1,552)
Amortization of debt issuance costs	2,690
Changes in operating assets and liabilities:	
(Increase) decrease in grants receivable	(135,972)
(Increase) decrease in unconditional promises to give	404,804
(Increase) decrease in inventory	3,434,123
(Increase) decrease in prepaid expenses	(13,427)
(Increase) decrease in refundable deposits	(2,000)
Increase (decrease) in accounts payable	129,070
Increase (decrease) in accrued expenses	(12,181)
Increase (decrease) in deferred revenue	(125,388)
Net cash provided by operating activities	<u>377,143</u>
Cash Flows from Investing Activities	
Proceeds from sale of investments	1,851,012
Purchase of investments	(1,873,906)
Proceeds from sale of property and equipment	7,500
Purchase of property and equipment	<u>(1,717,944)</u>
Net cash used in investing activities	<u>(1,733,338)</u>
Cash Flows From Financing Activities:	
Proceeds from debt borrowings	<u>775,000</u>
Net cash provided by financing activities	<u>775,000</u>
Net Change in Cash and Cash Equivalents	(581,195)
Cash and Cash Equivalents, Beginning of Year	<u>809,286</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 228,091</u></u>
<u>Supplemental disclosure of cash flow information:</u>	
Interest paid	<u>\$ 154,968</u>
Federal income taxes paid	<u><u>\$ 1,765</u></u>

See accompanying notes to the financial statements.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Spread the Word Nevada (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization is a Nevada nonprofit organization that is dedicated to advancing early childhood literacy by placing books into the hands and homes of children within Southern Nevada’s at-risk, low income communities. Through community collaboration, mentorship and family partnership programs, the Organization fosters reading and language development opportunities ultimately leading to brighter academic and economic futures for these children.

Kids to Kids, our flagship program, reaches out to at-risk children (Pre-K through 5th grade) in low income areas by providing them with new and gently used books to develop their very own “keep at home” library of books to learn from and share with their families. The program objective is to enhance the reading abilities of and instill a deep appreciation for reading during the formative stages of the at-risk student population.

Books & Buddies is our reading mentorship program which partners our volunteers from businesses and our community with the children attending our at-risk elementary schools. Volunteers partner individually with students to focus on further developing the child’s reading proficiency, comprehension, and verbal recitation skills. This program provides children with valuable one-on-one tutoring that is not available in the classroom or in the home.

Our Family Literacy Program helps instill the importance of reading with the children in partnership with their families. Bi-monthly, students and their parents, grandparents, guardians, and siblings are invited to share in a light snack and story reading at elementary schools we serve. Every family who attends receives a brand-new copy of the book of the month for their family to share, and a simple outlined literacy expansion activity to take home and implement which reinforces the concepts presented during the program. In addition, every person who attends receives a book of their choice to take home and continue to build their home library.

Readers in Training is a literacy-based program for children ages 0-5 years. It is designed to assist families in preparing children for preschool and kindergarten. Families who participate receive one new age-appropriate book mailed directly to their homes monthly, access to online content that specifically targets school readiness skills and helps families practice these skills in the home, and the opportunity to participate in quarterly in-person playgroups that will allow children practice school readiness skills in a classroom type setting.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability or resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (“ASU”) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable represent unreimbursed costs and outstanding grant award balances. It is the Organization’s policy to charge off uncollectible receivables when management determines that receivables will not be collected. As of June 30, 2025, no allowances for doubtful grant receivable were deemed necessary.

Unconditional Promises to Give

Certain Nevada businesses and individuals have made pledges in support of the Organization. The pledges were obtained through the capital campaigns. In accordance with ASC 958, *Not-for-Profit Entities*, pledges receivable are recorded at their present value when difference from cash value is considered material.

Inventory

Inventories, which consist primarily of books to be distributed, are valued at the lower of cost or market value. Donated items are recorded at estimated fair value at the date of donation.

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$2,500. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to thirty years.

Leases

The Organization has elected to apply the portfolio approach to account for Right-of-Use (“ROU”) assets and liabilities, where applicable.

The Organization has elected the practical expedient that does not require the Organization to separate lease and non-lease components for its leases.

The Organization has elected to use the risk-free rate as the discount rate for its operating leases.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the statement of financial position.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization leases office space and a copier. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the applicable rate. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. For the year ended June 30, 2025, ROU assets and related lease liabilities in the amount of \$4,178 commenced.

Debt Issuance Costs

Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method, which approximates the interest method. Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of the debt. The Organization reflects amortization of debt issuance costs as interest.

Revenue Recognition

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ended June 30, 2025, all exchange grant revenue was recognized at a point-in-time when services were performed.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Organization has a clearly measurable and objective basis for determining the fair value. Donated books are valued based on the industry’s leading donation centers per pound pricing rate that ranges from \$1-\$3. In the case of materials where such values cannot reasonably be determined, the donations are not recorded.

Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Unpaid volunteers have donated their time to the Organization’s programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers’ time does not meet the criteria for recognition as contributed services. Donated professional services consist of donated media press appearances and airtime which are allocated to the Kids to Kids class in program services.

The Organization received the following in-kind contributions in the current year:

Books	\$	3,310,146
Fund development		243,244
Services		169,204
Mileage		58,264
Other donations		24,971
	\$	<u>3,805,829</u>

Of the above \$3,387,849 is included in program expenses, \$146,593 in management and general expenses, \$28,143 in fundraising column on the statement of functional expenses, and \$243,244 shown net of special event revenue on the statement of activities.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as confirmed by a determination letter received from the Internal Revenue Service in December 2001. It is further classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements for activities related to its tax-exempt purpose.

However, the Organization earns income from certain activities, such as the rental of parking spaces, which are considered unrelated to its exempt purpose. For the year ended June 30, 2025, the Organization has estimated \$14,192 in income taxes related to these unrelated business activities.

Management has evaluated the tax positions taken within their tax returns and does not believe there are any significant uncertain positions taken on the returns.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

Advertising

Advertising costs are expensed as incurred.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for those expenditures that are considered direct expenses.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$1,039,188 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$812,536 of investments, \$135,972 of grants receivable, and \$97,649 of unconditional promises to give. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization could also draw upon the available line of credit (as further discussed in Note 7).

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Fair values of assets measured as of June 30, 2025, were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Recurring fair value measurements:				
Securities	<u>\$ 2,118,828</u>	<u>\$ 2,118,828</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30, 2025:

Receivable in less than one year	\$ 100,027
Receivable in one to five years	<u>140,000</u>
Total unconditional promises to give	240,027
Less discounts to net present value	<u>(20,860)</u>
Net unconditional promises to give	<u>\$ 219,167</u>

The following table presents unconditional promises to give as shown on the statement of financial position as of June 30, 2025:

Current unconditional promises to give	\$ 97,649
Present value of noncurrent unconditional promises to give	<u>121,518</u>
Total unconditional promises to give, net of present value	<u>\$ 219,167</u>

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 5 – PROPERTY AND EQUIPMENT

As of June 30, 2025, property and equipment consisted of the following:

Non-depreciable assets:	
Land	\$ 597,643
Work in process	199,975
Depreciable assets:	
Building	8,859,102
Furniture and fixtures	52,793
Land improvements	21,475
Vehicles	182,721
Warehouse equipment	257,889
	<u>10,171,598</u>
Less: accumulated depreciation	<u>(588,082)</u>
	<u>\$ 9,583,516</u>

Depreciation expense for the year ended June 30, 2025 was \$328,067.

NOTE 6 – LEASE AGREEMENTS

As of June 30, 2025, the following summarizes the line items on the statement of financial position, which include amounts for operating leases:

ROU asset for operating leases	<u>\$ 57,315</u>
Current operating lease liability	\$ 27,045
Long-term liability for operating leases	<u>30,559</u>
	<u>\$ 57,604</u>

As of June 30, 2025, the following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	2.13 years
Weighted Average Discount Rate	2.92%

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 6 – LEASE AGREEMENTS (Continued)

As of June 30, 2025, operating lease liabilities mature as follows:

2026	\$ 28,287
2027	26,494
2028	<u>4,548</u>
Total lease payments	59,329
Less interest	<u>(1,725)</u>
Present value of lease liabilities	<u><u>\$ 57,604</u></u>

For the year ended June 30, 2025, the following summarizes the line items in the statement of functional expenses, which include the components of lease expense:

Lease Costs (included in rent expense):

Operating lease cost	\$ 98,970
Short-term lease cost	<u>53,901</u>
Total lease costs	<u><u>\$ 152,871</u></u>

NOTE 7 – LINE OF CREDIT

The Organization obtained a \$3,500,000 revolving line of credit. The line of credit matures in June 2031 at which time principal and interest is due in full. The line of credit requires a debt ratio of at least 1.1 to 1 and a minimum cash and cash equivalents of \$600,000. The debt agreement defines cash and cash equivalents as unrestricted funds; accordingly, the Organization utilizes a portion of its investment accounts to satisfy this covenant. Interest is payable monthly at a rate of 6.82% and is subject to change based on changes in the index. The line of credit is collateralized by a purchased building. As of June 30, 2025, the outstanding balance was \$2,592,147 and is presented net of unamortized debt issuance costs of \$16,142.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of passage of time, or other events specified by donors. Net assets with donor restrictions are restricted for the following purposes as of June 30, 2025:

Subject to expenditure for specified purpose
and/or passage of time:

Programming	\$ 1,283,528
Kids to Kids, Books & Buddies	12,912
Books and Supplies	<u>9,852</u>
	<u><u>\$ 1,306,292</u></u>

SPREAD THE WORD NEVADA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2025

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

As of June 30, 2025, net assets with donor restrictions consisted of investments of \$1,306,292.

NOTE 9 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through November 3, 2025, which is the date the financial statements were available to be issued. No events were identified that would require disclosure.