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SQUASHSMARTS, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

**(WITH COMPARATIVE TOTALS FOR THE YEAR
ENDED JUNE 30, 2023)**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SquashSmarts, Inc.
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SquashSmarts, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 SquashSmarts, Inc. as of June 30, 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 SquashSmarts, 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 SquashSmarts, 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 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 SquashSmarts, 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 SquashSmarts, 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.

Report on Summarized Comparative Information

SquashSmarts, Inc.'s 2023 financial statements were audited by another auditor and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Beucler, Kelly & Irwin, Ltd.
Wayne, Pennsylvania
DATE, 2024

SQUASHSMARTS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

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	2024	2023
ASSETS		
Cash and cash equivalents	\$ 791,150	\$ 960,174
Promises to give	175,000	90,000
Other receivable	-	8,400
Prepaid expenses	22,680	26,569
Investments - Sustainability Fund	2,381,460	2,190,713
Property and equipment, net	865,320	851,938
TOTAL ASSETS	\$ 4,235,610	\$ 4,127,794
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 14,534	\$ 20,858
Finance lease liabilities	49,717	35,126
TOTAL LIABILITIES	64,251	55,984
NET ASSETS		
Without donor restrictions		
Undesignated	1,639,899	1,791,097
Board designated - Sustainability Fund	2,381,460	2,190,713
Without donor restrictions	4,021,359	3,981,810
With donor restrictions	150,000	90,000
TOTAL NET ASSETS	4,171,359	4,071,810
TOTAL LIABILITIES AND NET ASSETS	\$ 4,235,610	\$ 4,127,794

SQUASHSMARTS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

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	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Foundations	\$ 371,242	\$ 150,000	\$ 521,242	\$ 557,260
Government	175,000	-	175,000	318,498
Individual contributions	862,582	-	862,582	635,735
Corporations	120,234	-	120,234	97,886
Contributed facilities	234,109	-	234,109	234,109
Fundraising events, net of direct cost to donors of \$114,236	118,849	-	118,849	92,169
Camp and tournament fees	31,325	-	31,325	20,878
Interest income	13	-	13	127
Net assets released from restrictions	90,000	(90,000)	-	-
Total Revenue and Support	2,003,354	60,000	2,063,354	1,956,662
EXPENSES				
Program services	1,696,760	-	1,696,760	1,537,013
Management and general	220,503	-	220,503	178,056
Fundraising	338,975	-	338,975	271,106
Total Expenses	2,256,238	-	2,256,238	1,986,175
Change in net assets before other income	(252,884)	60,000	(192,884)	(29,513)
OTHER INCOME				
Gifts to Capital Expansion/Leasehold Improvements	25,000	-	25,000	547,065
Investment income, net	267,433	-	267,433	224,624
Total Other Income	292,433	-	292,433	771,689
Change in Net Assets	39,549	60,000	99,549	742,176
Net Assets - Beginning of Year	3,981,810	90,000	4,071,810	3,329,634
Net Assets - End of Year	<u>\$ 4,021,359</u>	<u>\$ 150,000</u>	<u>\$ 4,171,359</u>	<u>\$ 4,071,810</u>

SQUASHSMARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 Total	2023 Total
Salaries	\$ 894,079	\$ 125,452	\$ 223,799	\$ 1,243,330	\$ 1,058,852
Payroll taxes	68,058	9,550	17,036	94,644	82,698
Employee benefits	38,060	5,340	9,527	52,927	69,566
Total salaries and related expenses	1,000,197	140,342	250,362	1,390,901	1,211,116
Audit and accounting	-	35,608	-	35,608	31,238
Board and staff expense	-	1,575	-	1,575	2,285
Consulting services	42,000	-	-	42,000	44,409
Contributed facilities - North10, Philadelphia	105,629	14,821	26,440	146,890	146,890
Contributed facilities - Arlen Specter US Squash Center	87,219	-	-	87,219	87,219
Depreciation and amortization	50,139	7,035	12,550	69,724	13,371
Development expenses	-	-	11,944	11,944	3,713
Direct program expenses	261,046	-	-	261,046	259,048
Equipment lease	638	89	159	886	796
Insurance	27,503	3,859	6,884	38,246	36,488
Interest expense	1,096	154	275	1,525	1,559
Office expense	50,621	7,103	12,671	70,395	60,191
Professional development	3,679	516	921	5,116	4,647
Repairs and maintenance	43,313	6,078	10,842	60,233	51,264
Security	23,680	3,323	5,927	32,930	31,941
	\$ 1,696,760	\$ 220,503	\$ 338,975	\$ 2,256,238	\$ 1,986,175

See accompanying Notes to Financial Statements.

SQUASHSMARTS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

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	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 99,549	\$ 742,176
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	69,724	13,371
Realized and unrealized gains on investments	(195,227)	(172,006)
Contribution restricted for long-term purposes	(25,000)	(547,065)
Change in operating assets and liabilities:		
Promises to give	(85,000)	260,000
Other receivables	8,400	2,600
Prepaid expenses	3,891	1,178
Right-of-use assets	-	34,251
Accrued expenses	(6,324)	9,858
Finance lease liability	-	35,126
Net cash (used) provided by operating activities	(129,987)	379,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(54,063)	(890,433)
Purchases of investments	(444,223)	(567,915)
Sales of investments	448,701	617,616
Net cash used by investing activities	(49,585)	(840,732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease payments	(14,452)	-
Contributions restricted for long-term purposes	25,000	547,065
Net cash provided by financing activities	10,548	547,065
NET (DECREASE)/INCREASE IN CASH	(169,024)	85,822
Cash and Cash Equivalents - Beginning of Year	960,174	874,352
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 791,150	\$ 960,174
Supplemental Non-Cash Flow Information		
Finance lease right-of-use asset obtained in exchange for a finance lease liability	\$ 29,044	\$ 35,126

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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NOTE 1 ORGANIZATION

SquashSmarts, Inc. (“SquashSmarts”), founded in 2000, was incorporated under the nonprofit corporation laws of the Commonwealth of Pennsylvania. SquashSmarts was organized for the purpose of improving the lives of underserved youth in Philadelphia public schools by providing intensive, long-term academic tutoring and squash instruction, while imparting high standards of personal integrity, health and fitness, and services to the community.

SquashSmarts is funded primarily by corporate, foundation, and individual donations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of SquashSmarts have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which requires SquashSmarts to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction – net assets that are not restricted by donor-imposed stipulations.

Net assets with donor restriction – net assets resulting from contributions and other inflows of assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of SquashSmarts, pursuant to those stipulations.

Use of Estimates

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

Income Taxes

SquashSmarts is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, SquashSmarts qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements. SquashSmarts follows accounting guidance for uncertain tax positions. SquashSmarts believes that it has appropriate support for any tax position taken and as such, does not have any uncertain tax positions that are material to the financial statements.

Prior Year Comparative Information

The financial statements include certain prior year summarized comparative totals which do not include detail by net asset classification and detailed expenses by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with SquashSmarts’

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, SquashSmarts considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give and Other Receivables

Unconditional promises to give are recognized as revenues in the period the promise is received. Unconditional promises to give and other receivables are stated at the amount management expects to collect from outstanding balances. On a periodic basis, SquashSmarts evaluates its unconditional promises to give and other receivables and establishes an allowance for doubtful accounts based on its assessment of the current status of the unconditional promises to give and other receivables. SquashSmarts has determined that an allowance for doubtful accounts is not necessary as of June 30, 2024 and 2023.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Fair Value of Financial Instruments

SquashSmarts follows the fair value measurements standard. This standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs with quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

SquashSmarts reports investments at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment income, net in the statement of activities.

Investment income, as reported net in the statement of activities, consists of realized and unrealized gains and losses less investment expenses and interest and dividend income. Investment income is reflected in the statement of activities as net assets without donor restrictions.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period which the securities are sold. Interest and dividends are recorded when earned.

The investments in shares of mutual funds are valued at the net asset value of shares held by SquashSmarts at year end.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near-term and that such changes could be material.

Property and Equipment

All acquisitions of property and equipment over \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 5 to 10 years. Leasehold improvements are depreciated over the remaining lease term when the asset is placed in service which range from 17.5 to 18 years.

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions. This classification is dependent on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor 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 statement of activities as net assets released from restrictions.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Facilities

SquashSmarts receives free use of space in two different buildings. Contributed facilities are recorded at fair value and income and expense of \$234,109 have been reflected in the accompanying statement of activities for the years ended June 30, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing programs, services, and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Payroll is allocated on the basis of estimates of time and effort. Directly identifiable expenses that relate to more than one function are charged to program and supporting services based upon time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of SquashSmarts.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on net assets.

Leases

SquashSmarts adopted Accounting Standards Codification (ASC) Topic 842, Leases, effective July 1, 2022. SquashSmarts determines if an arrangement is a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months for which SquashSmarts made the short-term lease election. Finance lease right-of-use (ROU) assets are included in property and equipment, net, and the related liabilities are in finance lease liabilities in the statement of financial position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using SquashSmarts incremental borrowing rate. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that SquashSmarts' will exercise that option.

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject SquashSmarts to concentration of credit risk primarily consist of cash and investments. SquashSmarts maintains its cash in bank accounts that, at times may exceed federally insured limits. As of June 30, 2024 and 2023, SquashSmarts had uninsured cash balances of \$62,622 and \$309,787, respectively. SquashSmarts has not experienced, nor does it anticipate, any losses with respect to such amounts. With respect to investments, the degree and concentration of credit risk varies depending on the type and diversity of such investments. The fair value of investments is subject to fluctuation on a year-to-year basis. Accordingly, the investment performance is monitored by SquashSmarts management and board.

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

SquashSmarts' financial assets available within one year of the statement of financial position date for general expenditures are as follows at June 30:

	2024	2023
Cash and cash equivalents	\$ 791,150	\$ 960,174
Promises to give	175,000	90,000
Investments – Sustainability Fund	2,381,460	2,190,713
 Total financial assets at year end	 \$ 3,347,610	 \$ 3,240,887

SquashSmarts regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds.

SquashSmarts typically maintains its financial assets in cash and investments with a goal of having available funds when needed.

In addition to financial assets available to meet general expenditures over the next 12 months, SquashSmarts operates on a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 5 INVESTMENTS – SUSTAINABILITY FUND

Investments consists of the following at June 30:

	2024	2023
Fixed income	\$ 683,943	\$ 627,204
Equities – Stocks and Options	1,295,959	1,215,529
Equities – Mutual Funds, ETFs, and UITs	401,558	347,980
	\$ 2,381,460	\$ 2,190,713

All investments are Level 1 investments as of June 30, 2024 and 2023.

The following is a summary of investment return for the year ended June 30:

	2024	2023
Interest and dividend income	\$ 76,139	\$ 52,618
Net realized and unrealized gains (losses)	191,294	172,006
	\$ 267,433	\$ 224,624

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2024	2023
Computers, equipment, and software	\$ 76,294	\$ 41,940
Capital Expansion/Leasehold Improvements	824,060	804,351
Right-of-use assets, net	48,667	34,251
	949,021	880,542
Less: accumulated depreciation	(83,701)	(28,604)
	\$ 865,320	\$ 851,938

Depreciation expense was \$55,097 and \$978 for the years ended June 30, 2024 and 2023, respectively.

During the year ended June 30, 2023, SquashSmarts completed a Capital Expansion/Leasehold Improvement project at its North10, Philadelphia office location. These Capital Expansion/Leasehold Improvements were placed in service during the year ended June 30, 2024. Additionally, these Capital Expansion/Leasehold Improvements were made possible by grants from governments, foundations, and individuals.

NOTE 7 BOARD DESIGNATED – SUSTAINABILITY FUND

SquashSmarts’ Sustainability Fund is a board designated fund that was established to support future activities. As required by GAAP, funds designated by the Board of Directors to function as endowments are classified and are reported as without donor restrictions.

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). State law allows nonprofit organizations to make an election to adopt a total return investment policy. SquashSmarts did not make a total return election, and as such, SquashSmarts is free to adopt any prudent investment policy and to make withdrawals consistent with its goals of preserving the Sustainability Fund while making funds available to fund the operations as may be necessary. In June 2020, SquashSmarts adopted a spending policy of 2.5%. During the year ended June 30, 2023, the Board voted and approved a second, one-time spend of \$50,000 to be used for the Capital Expansion/Leasehold Improvements.

SquashSmarts’ objective is to earn a reasonable, long-term, risk-adjusted total rate of return to support its operations. The spending amount for the program each year is at the Board’s sole discretion. The Sustainability Fund is invested in a diversified mix of high-quality fixed income securities, equities, and mutual funds with the goal of producing above average real returns without exposing the portfolio to excess risk.

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 BOARD DESIGNATED – SUSTAINABILITY FUND (CONTINUED)

To satisfy its long-term rate of return objectives, SquashSmarts utilizes a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends). SquashSmarts has established investment guidelines which allocate 1% to 20% to cash equivalents, 20% to 60% to fixed income, and 40% to 75% to equities. SquashSmarts closely monitors these allocation guidelines to determine their continued applicability based upon the performance of the portfolio and market strategies. Allocation guidelines are reviewed annually and adjusted based upon the advice from an investment advisor and current market conditions.

Appropriation of the Sustainability Fund assets is determined by the Board of Directors based on the future operating needs of SquashSmarts.

Changes in the Sustainability Fund are as follows for the year ended June 30:

	2024	2023
Sustainability Fund – beginning of year	\$ 2,236,163	\$ 2,124,615
Investment income, net	253,595	216,410
Less: Board spending policy (2.5%)	(57,254)	(54,862)
Less: Capital expansion/Leasehold Improvements	-	(50,000)
Sustainability Fund – end of year	\$ 2,432,504	\$ 2,236,163

\$51,044 and \$45,450 of the above end of year balances is included in cash and cash equivalents on the accompanying statement of financial position as of June 30, 2024 and 2023, respectively.

NOTE 8 CONTRIBUTED FACILITIES

SquashSmarts receives 100% of its programmatic and administrative facilities needs on a rent- free basis as follows:

North10, Philadelphia

Pursuant to a lease agreement entered into in June 2021, SquashSmarts can occupy this space through June 30, 2031, with one automatic renewal for an additional ten-year period. In exchange for the use of the space SquashSmarts shall pay no less than \$50,000 each year for building security and maintenance.

Arlen Specter US Squash Center

Pursuant to a license agreement entered into in September 2021, SquashSmarts can occupy portions of the Arlen Specter US Squash Center space through June 30, 2032. In exchange for the use of the space, SquashSmarts shall pay a share of operating expenses based upon the square footage of the space occupied by SquashSmarts. SquashSmarts’ share of operating expenses was \$29,853 for the years ended June 30, 2024 and 2023.

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 CONTRIBUTED FACILITIES (CONTINUED)

For the year ended June 30, 2024 and 2023, SquashSmarts paid security expenses of \$31,941 and repairs and maintenance of \$51,264.

SquashSmarts has recognized the contributed facilities as of June 30, 2023 as follows:

Contributor	2024	2023
North 10, Philadelphia	\$ 146,890	\$ 146,890
Arlen Specter US Squash Center	87,219	87,219
	\$ 234,109	\$ 234,109

Contributed facilities are measured at estimated market rates per square foot of building space multiplied by the applicable space occupied by SquashSmarts.

The value of contributed facilities recognized as income equals the amount expensed. Therefore, there is no effect on the change in net assets.

NOTE 9 LEASES

SquashSmarts leases four vehicles and a copier through a combination of finance and operating leases.

Finance Leases

SquashSmarts leases two vehicles expiring in various periods through September 2026 and a copier whose lease expires in December 2026.

The components of lease expense were as follows as of June 30:

	2024	2023
Interest expense	\$ 1,525	\$ 1,559
Amortization of right-of-use assets	14,627	12,393
	\$ 16,152	\$ 13,952

The following tables summarize information related to the lease asset and liability as of June 30:

	2024	2023
Right-of-use assets and liabilities:		
Property and equipment, net	\$ 48,667	\$ 34,251
Finance lease liabilities	\$ 49,717	\$ 35,126

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 LEASES (CONTINUED)

Weighted average lease term and discount rate were as follows as of June 30:

	2024	2023
Weighted average remaining lease term	6.9 years	5.9 years
Weighted average discount rate	6.6%	3.8%

The following table reconciles the undiscounted operating lease payments to the finance lease liabilities recorded on the accompany statement of financial position as of June 30, 2024:

<u>Years ending</u>			
2025	\$	23,676	
2026		17,306	
2027		13,543	
Total Future Minimum Lease Payments		54,525	
Less: Imputed Interest		(4,808)	
Total Lease Obligations	\$	49,717	

Operating Leases

SquashSmarts leased two additional vehicles whose leases expired during the year ended June 30, 2024. Additionally, SquashSmarts leased two vehicles for a 12-month period which expire at various times through March 2025. Lease expenses under these leases totaled \$18,042 and \$10,540 during the years ended June 30, 2024 and 2023, respectively, and is included in direct program expenses on the accompanying statement of functional expenses.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2024 and 2023:

	2024	2023
Transportation	\$ 75,000	\$ -
General operating (time restricted)	75,000	90,000
	\$ 150,000	\$ 90,000

SQUASHSMARTS, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from donor restrictions are as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Capital Expansion/Leasehold improvements	\$ -	\$ 257,400
Satisfaction of time restrictions	<u>90,000</u>	<u>60,000</u>
	<u>\$ 90,000</u>	<u>\$ 317,400</u>

NOTE 11 SUBSEQUENT EVENTS

SquashSmarts has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through the date on the Independent Auditor's Report which is the date the financial statements were available to be issued.