WORTHWHILE WEAR, INC.

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2020

WORTHWHILE WEAR, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Worthwhile Wear, Inc.
Plumsteadville, PA

We have reviewed the accompanying financial statements of Worthwhile Wear, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2020 and the related statement of revenues, expenses, and other changes in net assets—modified cash basis and statement of functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Summarized Comparative Information

We previously reviewed the organization's 2019 financial statements and in our conclusion dated June 10, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in accordance with the modified cash basis of accounting. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Caron Capital CPAs

July 29, 2021
Harleysville, PA

WORTHWHILE WEAR, INC.

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2020

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019
SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	2020	2019
ASSETS		
Cash	$ 197,431	$ 65,854
Deposits	-	880
Property and Equipment, Net of Accumulated Depreciation	57,127	75,755
TOTAL ASSETS	$ 254,558	$ 142,489
LIABILITIES		
Credit Cards Payable	$ 11,171	$ 4,138
Payroll Taxes Payable	2,307	7,571
Sales Tax Payable	710	799
TOTAL LIABILITIES	14,188	12,508
NET ASSETS		
Without Donor Restrictions	240,370	129,981
With Donor Restrictions	-	-
Total Net Assets	240,370	129,981
TOTAL LIABILITIES AND NET ASSETS	$ 254,558	$ 142,489

The accompanying notes are an integral part of the financial statements

WORTHWHILE WEAR, INC.

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support, Revenue and Reclassifications:				
Support and Revenue				
Product Sales	$ 262,861	$ -	$ 262,861	$ 450,082
Program Services	12,500	-	12,500	12,500
Contributions	382,270	-	382,270	263,626
Special Events, Net of Direct Costs of $19,578 - 2020; $34,699 - 2019	154,028	-	154,028	139,328
PPP Funding	105,100		105,100	-
Other Income	3,900	-	3,900	6,770
Total Support and Revenue	920,659	-	920,659	872,306
Net Assets Released From Restrictions	-	-	-	-
Total Support, Revenue, and Reclassifications	920,659	-	920,659	872,306
Expenses:				
Program Services:				
Product Sales	300,395	-	300,395	400,028
The Well	302,204	-	302,204	307,892
Worth-It	27,521		27,521	32,068
Overseas	5,015	-	5,015	4,349
Total Program Services	635,135	-	635,135	744,337
Supporting Services:				
Management and General	97,911	-	97,911	89,073
Fundraising	77,224	-	77,224	25,839
Total Supporting Services	175,135	-	175,135	114,912
Total Expenses	810,270	-	810,270	859,249
Increase in Net Assets	110,389	-	110,389	13,057
Net Assets - Beginning of Year	129,981	-	129,981	116,924
Net Assets - End of Year	$ 240,370	$ -	$ 240,370	$ 129,981

The accompanying notes are an integral part of the financial statements

WORTHWHILE WEAR, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Program Services Expenses					Supporting Services				
	Product Sales	The Well	Worth-It	Overseas	Total Program Expenses	Management and General	Fund Raising	Total Supporting Services	2020 Total	2019 Total
Payroll	$ 155,924	$ 202,939	$ 20,279	$ 3,985	$ 383,127	$ 68,352	$ 52,967	$ 121,319	$ 504,446	$ 481,151
Payroll Taxes and Benefits	15,775	20,224	2,941	889	39,829	15,676	12,685	28,361	68,190	60,198
Commissions	-	-	-	-	-	-	-	-	-	4,262
Cost of Product	4,084	-	-	-	4,084	-	-	-	4,084	6,903
Other Direct Program Costs	-	27,345	-	-	27,345	-	19,578	19,578	46,923	60,237
Promotion and Advertising	4,000	1,142	733	-	5,875	-	2,934	2,934	8,809	9,827
Insurance	5,650	9,519	1,615	55	16,839	4,652	1,852	6,504	23,343	23,773
Supplies	6,073	7,362	80	7	13,522	997	1,325	2,322	15,844	14,008
Credit Card and Other Processing Charges	7,757	-	-	-	7,757	-	3,470	3,470	11,227	16,076
Repairs and Maintenance	11,934	3,973	-	-	15,907	-	-	-	15,907	17,788
Interest	-	-	-	-	-	265	-	265	265	1,126
Rents	63,000	-	-	-	63,000	2,034	-	2,034	65,034	120,393
Professional Fees	804	6,020	105	21	6,950	2,253	273	2,526	9,476	4,390
Travel and Meals	440	1,646	147	-	2,233	367	220	587	2,820	6,621
Vehicle Expenses	694	5,483	101	51	6,329	403	251	654	6,983	9,855
Communications	1,825	2,368	115	-	4,308	344	171	515	4,823	6,297
Utilities	14,153	6,069	-	-	20,222	-	-	-	20,222	30,654
Depreciation	8,001	7,761	1,370	-	17,132	677	819	1,496	18,628	19,474
Other	281	353	35	7	676	1,891	257	2,148	2,824	915
Total Expenses	300,395	302,204	27,521	5,015	635,135	97,911	96,802	194,713	829,848	893,948
Expenses Netted Against Revenue on Statement of Activities	-	-	-	-	-	-	(19,578)	(19,578)	(19,578)	(34,699)
Total Expenses on Statement of Activities	$ 300,395	$ 302,204	$ 27,521	$ 5,015	$ 635,135	$ 97,911	$ 77,224	$ 175,135	$ 810,270	$ 859,249

The accompanying notes are an integral part of the financial statements

Note 1 – Nature of Activities and Summary of Significant Accounting Policies:

Nature of Activities:

Worthwhile Wear, Inc. ("Worthwhile") was organized April 2012 in the state of Delaware. It was established to serve present and potential victims of the sex slave trade. Its efforts focus on reaching girls and women already trapped in forced prostitution as well as creating opportunities to provide alternatives to entering the sex slave trade. Worthwhile's programs are designed to combat poverty and a lack of education, which are two key factors at the root of sex trafficking.

Whenever possible Worthwhile partners with existing organizations, local governments, and law enforcement agencies to achieve its goals. The organization has established the following programs to address their objectives.

Overseas Outreach – As human sex trafficking is a global matter, Worthwhile organized vocational training and employment programs, primarily in the cities of Mumbai and Pune in India. The goal of these programs is to provide a source of income for girls and women as an alternative to sexual slavery.

The Well – The Well is located in Bucks County, Pennsylvania, in an area zoned for residential group homes. It was opened during the summer of 2014 largely through the efforts of volunteers who donated labor and materials. The program provides housing for up to two years and is designed to assist sexually exploited women to cope with their past and prepare for their future through educational, employment and housing assistance. There is no cost to the participants in the program.

Worth-It – Worth-It is another program for survivors of sexual exploitation. It is designed to connect participants to area service providers that can meet their specialized needs and educate them about the legal issues pertaining to their situations.

Product Sales – Worthwhile sells merchandise produced from its Overseas Outreach program as well as items crafted by participants in organizations that have a similar mission as that of Worthwhile. These goods are sold through the organization's thrift store operations.

As described more fully at Note 6, during 2019 Worthwhile opened a new thrift store in Plumsteadville and closed its thrift stores in Pipersville and Fountainville.

In addition to providing outlets for merchandise produced by its Overseas Outreach program, Worthwhile's sales efforts serve as additional financial support for the organization.

Summary of Significant Accounting Policies:

The summary of significant accounting policies of Worthwhile is presented to assist in understanding its financial statements. The financial statements and notes are representations of the organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to the modified cash basis of accounting and have been consistently applied in the preparation of the financial statements.

Basis of Accounting – Worthwhile's policy is to prepare its financial statements on a modified cash basis of accounting. Consequently, revenues are recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred. The organization has modified its cash reporting to include the capitalization and depreciation of purchased long-lived assets, and the recording of borrowed funds, payroll and sales tax liabilities, and security deposits. The accompanying financial statements, therefore, are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States, which require the accrual basis of accounting.

Revenue Recognition – Revenue consists primarily of product sales, for which revenue is recognized when funds are collected at the point of sale. Program service fees are received for the maintenance and welfare of the women housed at the Well and are recorded as revenue upon receipt. Contributions, special event revenue, and other income are recognized when cash is received. As with any organization, Worthwhile is dependent upon the health of the local economy.

Tax Status – Worthwhile is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code. Worthwhile was organized in the state of Delaware as a non-profit organization and conducts its operations in Pennsylvania. It is exempt from Delaware and Pennsylvania taxation under the applicable provisions of the non-profit organization statutes of the respective states.

Pursuant to Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes,* management has reviewed its current and past federal and state tax positions, and has determined that the tax positions taken are certain and there is no likelihood that a material tax assessment would be made if the respective government agencies examined tax returns subject to audit. Accordingly, no provision for the effect of uncertain tax positions has been recorded, nor have any related interest or penalties been accrued.

The Internal Revenue Service and state taxing authorities retain the right to review filed tax returns, generally for three years after they were filed. Worthwhile is not currently under audit nor has it been contacted by any of these jurisdictions.

Financial Statement Presentation – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or grantor) restrictions. These net assets can be used at the discretion of the organization's management and board of directors.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment – Purchased property and equipment are recorded at cost. Expenditures for minor additions are charged to expense as incurred, as are maintenance and repairs. Significant additions and betterments are capitalized and recorded as additions to net assets without restrictions. Donations of property and equipment are not recorded in the accompanying modified cash basis financial statements.

The capitalized value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Depreciation expense totaled $18,628 and $19,474 for the 2020 and 2019 years, respectively.

Funds Held Under Escrow – At times the organization will co-manage a participant's finances during her time in the residential shelter to ensure that her funds are used appropriately. At the end of the participant's stay at the shelter (which can be anytime up to a two-year maximum) any remaining funds are the sole property of the participant. During 2019, $7,686 of escrow deposits were received and escrow disbursements of $11,054 were made which, when combined with the opening balance of $6,124 resulted in a $2,756 balance at December 31, 2019. During 2020, escrow deposits of $18,194 were received and escrow disbursements totaled $12,487, resulting in a balance of $8,463 at December 31, 2020. These funds are not included in these financial statements.

Contributed Materials – Worthwhile's thrift operations raise funds to support its programs. All the merchandise sold by the store is donated by the general public. The Well program received donated materials used for improvements to its residence, out-buildings, and grounds. These donations are not recognized in the accompanying financial statements as Worthwhile reports its financial results on the modified cash basis.

Contributed Facilities – There is no recognition of contributed facilities in these modified cash basis financial statements for the bargain rentals contained in the leases described in Note 6.

Contributed Services – There are many individuals who volunteer their time and perform a variety of tasks that assist Worthwhile in carrying out its programs. The value of that portion of these services which meet the requirements for recognition in the financial statements has not been recorded under the organization's modified cash basis of accounting.

Functional Allocation of Expenses – The costs of program and supporting services 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 programs and supporting services benefited. Functional expenses have been allocated between program services and supporting services based on analysis of personnel time, program supplies, and space utilized for the related activities.

Advertising – The organization uses advertising to promote its programs among the audiences it serves, and advertising costs are expensed as incurred. Promotion and advertising expense for the years 2020 and 2019 totaled $8,809 and $9,827, respectively.

Reclassifications – Certain reclassifications were made to the 2019 amounts in order to conform with 2020 classifications. These reclassifications did not have any effect on the 2019 increase in net assets as originally reported.

Comparative Year Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Worthwhile's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Note 2 – Liquidity and Availability:

Financial assets available for general expenditure within one year of the balance sheet date, that is, financial assets without donor or other restrictions limiting their use, comprise cash of $197,431. As part of the organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Notes to Financial Statements – Continued:

Note 3 – Property and Equipment:

Following is a summary of property and equipment at December 31, 2020 and 2019:

	2020	2019
Leasehold Improvements	$ 94,595	$103,984
Furniture and Equipment	5,764	5,764
Vehicles	7,522	7,522
Sign	3,200	3,200
	111,081	120,470
Less: Accumulated Depreciation	(53,954)	(44,715)
Net Property and Equipment	$ 57,127	$ 75,755

Note 4 – Line of Credit

The organization has a line of credit with Univest National Bank and Trust with a borrowing capacity of $125,000. It is payable on demand with no set maturity date. Interest is charged on the outstanding balance at the lender's prime rate and is payable monthly. There was no outstanding balance on the line of credit at December 31, 2020 or 2019.

Note 5 – Net Assets with Donor Restrictions:

Donor restricted contributions were received for the following:

	2020	2019
Balance – beginning	$ -	$ -
Received and restricted for The Well	26,952	13,223
Expended in satisfaction of restrictions	(26,952)	(13,223)
Balance - ending	$ -	$ -

Note 6 – Leases:

Plumsteadville Thrift Store:

Worthwhile opened a new thrift store in Plumsteadville during April 2019. The lease calls for a rental term of two years, commencing April 1, 2019 and expiring March 31, 2021, with no renewal term. Monthly rent is $5,000; there are no common area maintenance costs. Rental expense for 2020 and 2019 was $60,000 and $50,000, respectively. In October of 2020, the lease was amended to extend the lease for an additional two year term ending March 31, 2023. Monthly rent for the additional period is $6,000 per month with no common area maintenance costs. Future payments under the extended lease are $69,000 in 2021, $72,000 in 2022 and $18,000 in 2023.

Notes to Financial Statements – Continued:

Freedom Boutique and Worthwhile Thrift Store:

The store that housed the Freedom Boutique and Worthwhile Thrift in Pipersville was leased under an agreement that began November 1, 2014. The lease agreement was modified during 2015 to a month-to-month arrangement, which continued in force throughout Worthwhile's tenancy, which ended as of April 30, 2020. During November of 2019 all retail activity at the store was discontinued. The Pipersville location continued to house some of the administrative offices of the organization until April 30, 2020, the end of Worthwhile's tenancy. Rent was decreased to $1,500 per month effective November 1 through February 29, 2020, after which it was forgiven by the landlord. Rent expense for 2020 and 2019 was $3,000 and $55,170, respectively.

The Well:

The residence used in The Well program is leased under an agreement with Bucks County at an annual rental of $1. The term of this lease between Bucks County and Worthwhile Wear is 29 years, which commenced on June 1, 2014 and will terminate on the last day of May 2043, unless the lease is renewed for an additional term.

Fountainville Thrift Store:

During 2017 Worthwhile opened a second thrift store in Fountainville, New Britain Township. It entered a lease agreement that was for a three-year term at an annual rent of $34,800. The base term of the lease commenced in April of 2017 and was scheduled to expire in March of 2020. However, Worthwhile closed the store during March of 2019. The existing lease was modified by the lessor under an agreement dated January 31, 2019. During August of 2019 the lessor leased the property and Worthwhile's rental obligations were terminated. Rent expense under this lease was $15,223 in 2019.

Monthly Rentals:

During 2020, Worthwhile utilized a temporary storage unit. Rent expense for this unit was $2,034 in 2020.

Note 7 – PPP Funding:

In April of 2020, Worthwhile received $105,100 in funding via Phase 1 of the Payroll Protection Program (the "PPP"), created as part of the federal government's Coronavirus Aid, Relief and Economic Security Act. The PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization's average payroll expenses. PPP loans and accrued interest are forgivable after a covered period (eight or twenty-four weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminated employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%.

The organization believes that, during the year ending December 31, 2020, all of the PPP funding received was expended for eligible purposes and in compliance with the conditions associated with the funding. In addition, the organization expects to retain all of the funding via the forgiveness process. Therefore, the organization has recognized the income as PPP Funding on the statement of revenues, expenses, and other changes in net assets – modified cash basis.

Notes to Financial Statements – Concluded:

Note 8 – COVID-19 Pandemic:

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. In response to federal and state directives, the Plumsteadville store suspended operations during March of 2020; it reopened during June of 2020.

The extent of the impact of COVID-19 on the organization's future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the organization's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the company's financial position and changes in net assets is uncertain and the accompanying financial statements include no adjustments related to the potential future effects of this pandemic.

Note 9 – Subsequent Events:

Management has evaluated subsequent events for recognition or disclosure through the date of the review report, which is the date the financial statements were available to be issued.

In January of 2021, Worthwhile received Phase 2 PPP funding of $109,240 under the Payroll Protection Program of the CARES Act. Worthwhile expects to use all of the funds for eligible purposes and in compliance with the conditions associated with the funding. Worthwhile received Phase 1 PPP forgiveness acknowledgment in July of 2021.

No additional subsequent events requiring recognition or disclosure were noted.