WORTHWHILE WEAR, INC.

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021 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 AICPA. 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.

We are required to be independent of Worthwhile Wear, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 2020 financial statements and in our conclusion dated July 29, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 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, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

Canon Capital CPAs

June 22, 2022
Harleysville, PA

WORTHWHILE WEAR, INC.

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

DECEMBER 31, 2021

WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020
SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	2021	2020
ASSETS		
Cash	$ 213,322	$ 197,431
Deposits	19,690	-
Construction in Progress	154,896	-
Property and Equipment, Net of Accumulated Depreciation	151,284	57,127
TOTAL ASSETS	$ 539,192	$ 254,558
LIABILITIES		
Note Payable	$ 29,828	$ -
Credit Cards Payable	10,848	11,171
Payroll Taxes Payable	2,227	2,307
Sales Tax Payable	995	710
TOTAL LIABILITIES	43,898	14,188
NET ASSETS		
Without Donor Restrictions	495,294	240,370
With Donor Restrictions	-	-
Total Net Assets	495,294	240,370
TOTAL LIABILITIES AND NET ASSETS	$ 539,192	$ 254,558

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support, Revenue, and Reclassifications:				
Support and Revenue				
Product Sales	$ 372,239	$ -	$ 372,239	$ 262,861
Program Services	105,663	-	105,663	12,500
Contributions	341,751	-	341,751	382,270
Special Events, Net of Direct Costs of $20,805 in 2021; $19,578 in 2020	291,160	-	291,160	154,028
PPP Funding	109,240		109,240	105,100
Other Income	6,036	-	6,036	3,900
Total Support and Revenue	1,226,089	-	1,226,089	920,659
Net Assets Released From Restrictions	-	-	-	-
Total Support, Revenue, and Reclassifications	1,226,089	-	1,226,089	920,659
Expenses:				
Program Services:				
Product Sales	349,711	-	349,711	300,395
The Well	325,574	-	325,574	302,204
Worth-It	91,521	-	91,521	27,521
Overseas Outreach	5,746	-	5,746	5,015
Total Program Services	772,552	-	772,552	635,135
Supporting Services:				
Management and General	93,763	-	93,763	97,911
Fundraising	104,850	-	104,850	77,224
Total Supporting Services	198,613	-	198,613	175,135
Total Expenses	971,165	-	971,165	810,270
Increase in Net Assets	254,924	-	254,924	110,389
Net Assets - Beginning of Year	240,370	-	240,370	129,981
Net Assets - End of Year	$ 495,294	$ -	$ 495,294	$ 240,370

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, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020

SEE ACCOMPANYING INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Program Services Expenses					Supporting Services				
	Product Sales	The Well	Worth-It	Overseas Outreach	Total Program Expenses	Management and General	Fund Raising	Total Supporting Services	2021 Total Expenses	2020 Total Expenses
Payroll	$ 171,529	$ 194,384	$ 68,302	$ 4,588	$ 438,803	$ 69,129	$ 67,393	$ 136,522	$ 575,325	$ 504,446
Payroll Taxes and Benefits	21,454	19,208	7,726	920	49,308	12,041	20,856	32,897	82,205	68,190
Cost of Product	16,114	-	-	-	16,114	-	-	-	16,114	4,084
Other Direct Program Costs	-	26,180	5,832	-	32,012	-	25,227	25,227	57,239	46,923
Promotion and Advertising	4,881	1,362	790	-	7,033	-	3,158	3,158	10,191	8,809
Insurance	6,431	13,547	3,148	43	23,169	5,309	1,911	7,220	30,389	23,343
Supplies	9,405	4,257	16	-	13,678	553	31	584	14,262	15,844
Credit Card and Other Processing Charges	9,832	-	-	-	9,832	-	3,829	3,829	13,661	11,227
Repairs and Maintenance	5,287	5,156	-	-	10,443	-	-	-	10,443	15,907
Interest	-	-	-	-	-	37	-	37	37	265
Rents	77,674	-	-	-	77,674	321	-	321	77,995	65,034
Professional Fees	818	28,918	365	18	30,119	289	289	578	30,697	9,476
Travel and Meals	1,463	2,359	777	16	4,615	917	654	1,571	6,186	2,820
Vehicle Expenses	307	7,860	2,264	153	10,584	1,072	613	1,685	12,269	6,983
Communications	3,121	1,703	585	-	5,409	2,536	476	3,012	8,421	4,823
Utilities	16,329	5,970	-	-	22,299	-	-	-	22,299	20,222
Depreciation	4,729	14,307	1,590	-	20,626	-	607	607	21,233	18,628
Other	337	363	126	8	834	1,559	611	2,170	3,004	2,824
Total Expenses	349,711	325,574	91,521	5,746	772,552	93,763	125,655	219,418	991,970	829,848
Expenses Netted Against Revenue on Statement of Activities	-	-	-	-	-	-	(20,805)	(20,805)	(20,805)	(19,578)
Total Expenses on Statement of Activities	$ 349,711	$ 325,574	$ 91,521	$ 5,746	$ 772,552	$ 93,763	$ 104,850	$ 198,613	$ 971,165	$ 810,270

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.

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 in Note 7, during 2021 Worthwhile leased property in Collegeville for the purpose of opening a second thrift store. Renovations are expected to be completed and the store opened prior to mid-year 2022.

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.

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.

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.

Meleney's House – As described more fully in Note 7, during 2021 a church offered Worthwhile the use of its unused parsonage. Worthwhile is in the process of renovating the building into three apartments, which will allow it to expand its residential program. The project is expected to be completed during the spring of 2022.

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 those 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 $21,233 and $18,628 for the 2021 and 2020 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 2020, $18,194 of escrow deposits were received and escrow disbursements of $12,487 were made which, when combined with the opening balance of $2,756 resulted in an $8,463 balance at December 31, 2020. During 2021 escrow deposits of $45,572 were received and escrow disbursements totaled $35,349, resulting in a balance of $18,686 at December 31, 2021. These funds are not included in these financial statements.

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.

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 7.

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.

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. Advertising expense for the years 2021 and 2020 totaled $10,191 and $8,809, respectively.

Reclassifications – Certain reclassifications were made to the 2020 amounts in order to conform with 2021 classifications. These reclassifications did not have any effect on the 2020 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, 2020, 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 $213,322. 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.

Note 3 – Construction in Progress and Property and Equipment:

Construction in progress of $154,896 consists of costs incurred in the ongoing renovations of the Collegeville Thrift Store and Meleney's House as described in Note 7. No amortization has been taken on this construction.

Following is a summary of property and equipment at December 31, 2021 and 2020:

	2021	2020
Leasehold Improvements	$157,215	$94,595
Furniture and Equipment	20,940	8,964
Vehicles	48,316	7,522
	226,471	111,081
Less: Accumulated Depreciation	(75,187)	(53,954)
Net Property and Equipment	$151,284	$57,127

Note 4 – Line of Credit:

The organization has a line of credit with Univest National Bank and Trust ("Univest") 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, 2021 or 2020. The borrowing capacity on the line was increased to $300,000 in February 2022 with a maturity date of February 2025.

Note 5 – Note Payable:

During 2021 Worthwhile Wear purchased a 2020 Chrysler Pacifica van with $35,793 of the purchase price financed through Chrysler Capital; the balance at December 31, 2021 is $29,828. The loan, which is non-interest bearing, is payable in equal monthly payments of $597. Following are the annual payments due:

Year	Amount
2022	$ 7,164
2023	7,164
2024	7,164
2025	7,164
2026	1,172
	$29,828

Note 6 – Net Assets with Donor Restrictions:

Donor restricted contributions were received for the following:

	2021	2020
Balance – beginning	$ -	$ -
Received and restricted for The Well	72,948	66,406
Expended in satisfaction of restrictions	(72,948)	(66,406)
Balance – ending	$ -	$ -

Note 7 – Leases:

Plumsteadville Thrift Store:

Worthwhile opened a new thrift store in Plumsteadville during 2019 under a two-year lease commencing April 1, 2019 at a monthly rent of $5,000 with no common maintenance costs. During 2021 the lease was extended for an additional two-year term ending March 31, 2023 at $6,000 per month, with no common maintenance costs. Future payments under this lease are $72,000 in 2022 and $18,000 in 2023. Rental expense for 2021 and 2020 was $70,000 and $60,000, respectively.

Collegeville Thrift Store:

During 2021 Worthwhile Wear leased retail space in Collegeville under a lease dated July 8, 2021, for the dual purpose of opening a second thrift store and creating administrative offices. The lease commencement date was August 1, 2021; the rent commencement date was January 1, 2022. The lease term is for 93 months, of which the first nine months are rent free. Effective in month ten, the monthly rents start at $7,674 and rise to $8,900 over the term of the lease. Worthwhile paid a security deposit of $19,690 and one month of advance rent of $7,674 which is recorded as rent expense in 2021. Worthwhile is responsible for its share of common maintenance costs, real estate taxes, and insurance, estimated to be $144,000 annually.

Following are the annual rentals for the next five years called for under the terms of the lease:

2022	$ 15,349
2023	92,668
2024	94,984
2025	97,359
2026	99,793
Thereafter	287,233
	$687,386

The organization expended $69,852 through December 31, 2021 in renovating the facility and expects to incur total renovation costs of $350,000. To fund these renovation costs, in July of 2021 Worthwhile signed a loan agreement with certain unrelated individuals whereby the lenders agreed to advance up to $350,000 to Worthwhile, with interest payable monthly on the unpaid principal at 4% beginning in the month following the first draw. Interest only is due during the construction period after which payments of principal and interest will begin, amortized over seven years. There were no draws on this construction loan in 2021. The anticipated opening of the store is expected to be during spring of 2022.

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.

Meleney's House:

During 2021 a church offered its unused parsonage to Worthwhile via a $1 lease for 29 years. Worthwhile plans to renovate the parsonage into three independent apartments units. Either party may terminate the lease after three years and if the lease is terminated prior to the initial term ending September 30, 2050, the church will pay the organization a prorated portion of the total renovation costs incurred.

The apartments will be used by women presently in the advanced phase of the Well program. This will give the women more independence and autonomy while still being supported by staff and programming at the Well. This will also open more beds at The Well, allowing Worthwhile to serve additional women. The apartments are expected to be available during spring of 2022 and Worthwhile is initially responsible for the cost of all renovations.

As of December 31, 2021, $85,044 has been expended, with additional costs of $180,000 expected to be incurred to complete the project. The cost of the renovation project would be significantly higher had it not been for volunteer work crews and donated materials.

Freedom Boutique and Worthwhile Thrift Store:

The store that housed the Freedom Boutique and Worthwhile Thrift in Pipersville was originally leased under an agreement that began November 1, 2014. Worthwhile discontinued its retail activity at that location during 2019 when it moved its retail operations to its Plumsteadville location. Worthwhile continued to use the facility for administrative space until April 2020, when its tenancy ended. Rent expense was $3,000 in 2020.

Monthly Rentals:

During 2021 and 2020, Worthwhile utilized a temporary storage unit. Rent expense for this unit was $321 in 2021 and $2,034 in 2020.

Note 8 – PPP Funding:

In 2020 the Coronavirus Aid, Relief and Security Act ("the CARES Act") was enacted to provide COVID-19 pandemic relief to qualifying individuals, businesses, and not for profit organizations. Among the provisions of the CARES Act was the Payroll Protection Program ("PPP"). The PPP provides 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 to 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 terminates 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%.

In January of 2021, Worthwhile received $109,240 in PPP funding and in April of 2020 the organization received $105,100 in PPP funding. The funds were used for eligible purposes in compliance with the funding and have, accordingly, been reported in these financial statements as PPP funding. These loans were officially forgiven in July 2021 and August 2021.

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 February of 2022 Worthwhile made the first draw on the construction loan disclosed in Note 7 in the amount of $100,000.

No additional subsequent events requiring recognition or disclosure were noted.