

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2024 and 2023

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Table of Contents

December 31, 2024

	<u>EXHIBIT</u>
Independent Auditor's Report	
Consolidated Statements of Financial Position	A
Consolidated Statements of Activity	B
Consolidated Statements of Functional Expenses	C
Consolidated Statements of Cash Flows	D
Notes to Consolidated Financial Statements	E

INDEPENDENT AUDITOR'S REPORT

September 23, 2025

To the Board of Directors
Lower Cape Outreach Council, Inc.
Orleans, Massachusetts

Opinion

We have audited the accompanying consolidated financial statements of Lower Cape Outreach Council, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years 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 Lower Cape Outreach Council, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Lower Cape Outreach Council, 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 Lower Cape Outreach Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Lower Cape Outreach Council, Inc. 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 Lower Cape Outreach Council, 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.



Lamb, Mason, Bulger & Co. P.C.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position

December 31, 2024 and 2023

(See Independent Auditor's Report)

ASSETS

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 963,570	\$ 701,584
Prepaid expenses	22,198	16,209
Investments	1,427,638	870,154
Pledges receivable	15,000	35,000
Investments – Endowment	-	459,523
Fixed assets, net	<u>1,394,368</u>	<u>1,305,991</u>
Total Assets	<u>\$ 3,822,774</u>	<u>\$ 3,388,461</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 14,781	\$ 23,125
Refundable advance	<u>19,093</u>	<u>19,093</u>
Total Liabilities	<u>33,874</u>	<u>42,218</u>
Net Assets:		
Net assets without restriction	3,723,900	2,842,610
Board designated endowment	<u>-</u>	<u>459,523</u>
Total net assets without restriction	<u>3,723,900</u>	<u>3,302,133</u>
Net assets with restriction	<u>65,000</u>	<u>44,110</u>
Total Net Assets	<u>3,788,900</u>	<u>3,346,243</u>
Total Liabilities and Net Assets	<u>\$ 3,822,774</u>	<u>\$ 3,388,461</u>

See Accompanying Notes to Consolidated Financial Statements

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Statement of Activity

For the Years Ended December 31, 2024 and 2023

(See Independent Auditor's Report)

	2024			2023		
	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Support and Revenue						
Contributions	\$ 1,488,312	\$ 50,000	\$ 1,538,312	\$ 1,470,476	\$ 44,110	\$ 1,514,586
Grants	659,988	-	659,988	421,522	-	421,522
Special events(net of direct costs of \$49,662 and \$15,426)	263,824	-	263,824	142,235	-	142,235
Bank interest	15,461	-	15,461	11,961	-	11,961
Investment income	97,962	-	97,962	120,806	-	120,806
Loss on sale of asset	(11,523)	-	(11,523)	-	-	-
Net assets released from restrictions	<u>29,110</u>	<u>(29,110)</u>	<u>-</u>	<u>4,713</u>	<u>(4,713)</u>	<u>-</u>
Total Support and Revenue	<u>2,543,134</u>	<u>20,890</u>	<u>2,564,024</u>	<u>2,171,713</u>	<u>39,397</u>	<u>2,211,110</u>
Expenses						
Program Services						
Client Services	1,584,772	-	1,584,772	1,421,424	-	1,421,424
Outer Cape Community Services	<u>112,921</u>	<u>-</u>	<u>112,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Services	<u>1,697,693</u>	<u>-</u>	<u>1,697,693</u>	<u>1,421,424</u>	<u>-</u>	<u>1,421,424</u>
Supporting Services						
General and administrative	222,214	-	222,214	146,216	-	146,216
Fundraising	<u>201,460</u>	<u>-</u>	<u>201,460</u>	<u>230,115</u>	<u>-</u>	<u>230,115</u>
Total Expenses	<u>2,121,367</u>	<u>-</u>	<u>2,121,367</u>	<u>1,797,755</u>	<u>-</u>	<u>1,797,755</u>
Excess of Support and Revenue over Expenses	421,767	20,890	442,657	373,958	39,397	413,355
Net Assets, Beginning of Year	<u>3,302,133</u>	<u>44,110</u>	<u>3,346,243</u>	<u>2,928,175</u>	<u>4,713</u>	<u>2,932,888</u>
Net Assets, End of Year	<u>\$ 3,723,900</u>	<u>\$ 65,000</u>	<u>\$ 3,788,900</u>	<u>\$ 3,302,133</u>	<u>\$ 44,110</u>	<u>\$ 3,346,243</u>

See Accompanying Notes to Consolidated Financial Statements

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2024

(See Independent Auditor's Report)

	<u>Client Services</u>	<u>Outer Cape Community Solutions</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Advertising	\$ 2,914	\$ 205	\$ -	\$ 21,959	\$ 25,078
Bank charges	-	-	8,586	884	9,470
Depreciation and amortization	35,148	-	8,787	-	43,935
Donations	250	-	-	-	250
Dues and subscriptions	-	500	1,371	-	1,871
Events	5,681	8,261	-	-	13,942
Information technology	26,449	-	17,915	5,190	49,554
Insurance	14,229	2,391	791	790	18,201
Meetings	1,511	107	-	-	1,618
Miscellaneous	202	509	-	-	711
Office expense	5,199	-	2,228	-	7,427
Payments for clients	1,057,917	-	-	-	1,057,917
Personnel	366,915	70,004	165,119	130,801	732,839
Postage & printing	655	-	655	23,095	24,405
Professional development	560	1,509	-	-	2,069
Professional fees	4,235	8,714	6,644	-	19,593
Programs	-	14,740	-	-	14,740
Property management	34,245	-	1,903	1,903	38,051
Retirement contribution	12,271	1,221	4,375	5,523	23,390
Supplies	2,870	4,760	2,870	10,564	21,064
Taxes and licenses	-	-	219	-	219
Telephone	10,119	-	562	562	11,243
Volunteer appreciation	<u>3,402</u>	<u>-</u>	<u>189</u>	<u>189</u>	<u>3,780</u>
Totals	<u>\$ 1,584,772</u>	<u>\$ 112,921</u>	<u>\$ 222,214</u>	<u>\$ 201,460</u>	<u>\$ 2,121,367</u>

See Accompanying Notes to Consolidated Financial Statements

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

(See Independent Auditor's Report)

	<u>Client Services</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>
Advertising	\$ -	\$ -	\$ 10,212	\$ 10,212
Bank charges	-	3,059	1,713	4,772
Depreciation and amortization	21,246	5,311	-	26,557
Donations	500	-	-	500
Dues and subscriptions	-	2,032	-	2,032
Events	-	-	12,704	12,704
Information technology	20,138	25,312	8,060	53,510
Insurance	9,356	520	520	10,396
Meetings	2,022	-	-	2,022
Miscellaneous	817	-	-	817
Office expense	2,897	1,241	-	4,138
Payments for clients	1,029,444	-	-	1,029,444
Personnel	254,915	91,527	152,645	499,087
Postage & printing	2,831	2,830	16,484	22,145
Professional development	4,691	-	-	4,691
Professional fees	-	6,100	7,500	13,600
Property management	37,835	2,102	2,102	42,039
Rent	16,236	902	902	18,040
Retirement contribution	5,649	2,028	3,383	11,060
Supplies	3,267	2,678	13,358	19,303
Taxes and licenses	-	42	-	42
Telephone	6,514	362	362	7,238
Volunteer appreciation	<u>3,066</u>	<u>170</u>	<u>170</u>	<u>3,406</u>
Totals	<u>\$ 1,421,424</u>	<u>\$ 146,216</u>	<u>\$ 230,115</u>	<u>\$ 1,797,755</u>

See Accompanying Notes to Consolidated Financial Statements

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Year Ended December 31, 2024 and 2023

(See Independent Auditor's Report)

	<u>2024</u>	<u>2023</u>
Cash Flow from Operating Activities:		
Change in net assets	\$ 442,657	\$ 413,355
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Donated stock	(13,404)	(7,403)
Loss on sale of fixed asset	11,523	
Depreciation and amortization	43,935	26,557
Realized and unrealized (gain)loss on investments	(54,562)	(70,548)
Decrease in security deposit	-	5,000
(Increase)decrease in pledges receivable	20,000	(35,000)
(Increase)decrease in prepaid expenses	(5,989)	3,126
Increase(decrease) in accounts payable	(8,344)	11,793
Net Cash Provided by Operating Activities	<u>435,816</u>	<u>346,880</u>
 Cash Flows from Investing Activities:		
Transfer from investments	13,404	1,327,646
Purchase of fixed assets	(143,835)	(1,290,807)
Purchase of investments	(43,399)	(370,500)
Net Cash (Used) by Investing Activities	<u>(173,830)</u>	<u>(333,661)</u>
 Net Increase in Cash	261,986	13,219
 Cash and cash equivalents at Beginning of Year	<u>701,584</u>	<u>688,365</u>
 Cash and cash equivalents at End of Year	<u>\$ 963,570</u>	<u>\$ 701,584</u>

See Accompanying Notes to Consolidated Financial Statements

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 1 - Nature of Organization:

Lower Cape Outreach Council Inc., (the "Organization") was formed in 1984 to provide emergency assistance of food, clothing and financial support to individuals and families in Brewster, Chatham, Eastham, Harwich, Orleans, Provincetown, Truro and Wellfleet which will lead to healthy, productive and self-sustaining lives as part of the Cape Cod community.

During 2024 the Organization formed an LLC, Outer Cape Community Solutions LLC (OCCS), of which Lower Cape Outreach Council, Inc. is the sole member. The purpose of OCCS is to operate a rural public health agency network.

Note 2 – Summary of Significant Accounting Policies:

Financial Statement Presentation - The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Presentation of Financial Statements of Not-For-Profit-Organizations. Under FASB ASC 958-205 the Organization is required to classify its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board of Directors (the "Board") may designate assets without restrictions for specific operational purposes from time to time.

Net assets with restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting.

Contributions - Contributions received are recorded as net assets without restrictions or net assets with restrictions, depending on the existence and/or nature of any donor-imposed restrictions. As permitted, the Organization reports contributions with donor-imposed restrictions as without restriction when the restrictions are met in the same reporting period as received.

Use of 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.

Advertising – The Organization follows the policy of charging the costs of advertising and publicity to expense as incurred.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 2 – Summary of Significant Accounting Policies:(continued)

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid, FDIC insured investments to be cash equivalents.

Contributed Goods and Services - Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and may otherwise be purchased by the Organization.

A substantial number of unpaid volunteers including board members have made significant contributions of their time to develop the Organization's programs and policies. The value of this contributed time is not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization receives materials from various donors. The values of these items are not reflected in these financial statements since an objective measurable basis for determining fair value is not available, therefore the recognition criteria were not met.

Functional Allocation of Expenses – Expenses such as payroll, payroll taxes and insurance have been allocated based on employee time devoted to each function. Expenses such as Depreciation, office supplies, rent, and property maintenance have been allocated using estimates provided by management. Expenses such as information technology and professional fees are allocated by classifying actual expenditures.

Subsequent Events - The Organization evaluated subsequent events for potential required disclosures through September 23, 2025, which is the day the financial statements were available to be issued.

Investments - The Organization's investments in equity securities with readily determinable fair market values and all investments in debt securities are valued at fair market value in the statement of financial position. Unrealized gains and losses are included in the statement of net assets and the statement of activities. Investments are stated at fair market, valuation being determined by national stock exchanges.

Fair Value Measurement - The Organization values its investments in accordance with the FASB ASC 820, Fair Value Measurement and Disclosure, which defines fair value as the price that the Organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on fair market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 2 – Summary of Significant Accounting Policies:(continued)

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments in active markets, interest rates, prepayment speeds, credit risk, etc).

Level 3 - significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Organization utilizes techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs to the extent possible.

The carrying amounts of financial instruments, including cash and cash equivalents, pledges receivable, accounts payable and accrued expenses, prepaid expenses, security deposit, and refundable advance approximate fair value due to the short term nature of these assets and liabilities.

Basis of Consolidation - The consolidated financial statements include the accounts of Lower Cape Outreach Council, Inc. and Outer Cape Community Services LLC. Outer Cape Community Services LLC is a wholly owned subsidiary of Lower Cape Outreach Council, Inc. All material intra-entity transactions have been eliminated.

Note 3 - Investments:

In accordance with ASC 820, the following methods and assumptions were used by the Organization in estimating its fair value disclosure for investments:

Investments: The fair value of investments are based on quoted market prices for those or similar investments (Level 1).

Investments are stated at fair market value as follows:

	<u>Basis</u>	<u>2024</u> <u>Fair Market</u> <u>Value</u>	<u>Unrealized</u> <u>Gain/(Loss)</u>
Equity mutual funds	\$ 700,512	\$ 859,922	\$ 159,410
Bond mutual funds	345,229	323,061	(22,168)
Money market mutual funds	<u>244,655</u>	<u>244,655</u>	<u>-</u>
	<u>\$ 1,290,396</u>	<u>\$ 1,427,638</u>	<u>\$ 137,242</u>

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 3 - Investments:(continued)

		<u>2023</u>	
	<u>Basis</u>	<u>Fair Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Equity mutual funds	\$ 620,757	\$ 786,281	\$ 165,524
Bond mutual funds	332,202	310,932	(21,270)
Money market mutual funds	<u>232,464</u>	<u>232,464</u>	<u>-</u>
	<u>\$ 1,185,423</u>	<u>\$ 1,329,677</u>	<u>\$ 144,254</u>

	<u>2024</u>	<u>2023</u>	
Return on Investments:			
Dividends and interest	\$ 43,399	\$ 50,500	
Realized gain on sale of investments	61,574	13,951	
Unrealized gain(loss) on investments	(7,011)	<u>56,355</u>	
Total Return on Investments	<u>\$ 97,962</u>	<u>\$ 120,806</u>	

Note 4 – Cash:

The Organization maintains bank accounts at local banks insured by the Federal Deposit Insurance Corporation (“FDIC”). The standard deposit insurance amount is \$250,000 per depositor, per FDIC-insured bank. At various times during the year the account balances exceeded the FDIC insured limit. At December 31, the amount in excess of the FDIC insured limit was \$616,984 for 2024 and \$443,237 for 2023.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 5 - Income Taxes:

The Organization is a nonprofit corporation under Section 501 (c)(3) of the Internal Revenue Code and Massachusetts law. It is exempt from income tax except on net income that is derived from unrelated business activities, of which there was none.

The Financial Accounting Standard Board ("FASB") issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Organization's tax return. The Organization assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Organization incurs interest or penalties as a result of unrecognized tax benefit the policy is to classify interest accrued with interest expense and penalties thereon with supporting services expenses. The Organization's tax filings are subject to audit by various taxing authorities. However, there are currently no audits for any tax periods in progress. The tax years 2022, 2023, 2024 are open for federal and Massachusetts tax review.

Note 6 – Fixed Assets

Depreciation of fixed assets is provided over the estimated useful lives of the respective assets using straight-line methods as follows:

		<u>2024</u>	<u>2023</u>
Buildings	40 years	\$ 607,649	\$ 594,149
Land	-	655,200	655,200
Furniture	7 years	4,300	4,300
Vehicles	5 years	130,959	48,048
Software	3 years	47,520	47,520
Office equipment	5 to 7 years	<u>63,932</u>	<u>49,556</u>
		1,509,560	1,398,773
Accumulated depreciation		(<u>115,192</u>)	(<u>92,782</u>)
		<u>\$ 1,394,368</u>	<u>\$ 1,305,991</u>

Fixed assets costing \$500 or more is recorded at cost and include expenditures which materially increase values or extend useful lives. Expenditures in the nature of normal and recurring repairs and maintenance are charged to operations as incurred.

Depreciation expense for the year ended December 31, 2024 amounted to \$43,935 and \$26,557 in 2023.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 7 – Retirement Plans:

The Organization has a simple IRA plan for eligible employees. The plan calls for a matching contribution of up to 3% of an employee's salary. The Organization's contribution for 2023 was \$11,060. This plan was superseded by a 401K plan effective January 1, 2024.

The Organization started a 401K retirement plan for employees in 2024. The plan calls for an automatic 3% contribution for all eligible employees (after 90 days of employment). Additionally, if the employee contributes 2%, the Organization will match it for a maximum total contribution of 5%. Total cost for this plan for 2024 was \$22,169.

Note 8 – Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Cash and equivalents	\$ 963,320
Investments	1,427,638
Pledges receivable	<u>5,000</u>
	<u>\$ 2,395,958</u>

The Organization has a \$250,000 line of credit that can be used to meet short-term capital needs.

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 may come due.

Note 9 - Investments-Endowment:

The purpose of the Board Designated Endowment is to provide for the long term stability of the Organization. The funds in this account are designated to generate annual income that will supplement the annual budget. Distributions of the funds are restricted to 50% of the annual capital gains and dividend distributions the fund earns in the calendar year. All future contributions and share value fluctuations as well as 50% of the capital gains and dividend distributions remain in the fund. Principal distributions occur on an emergency basis and are subject to an affirmative vote of two thirds of both the finance committee and the board. The investment policy is to use mutual funds to provide for the long term well-being of the Organization by diversifying risk while also generating income to provide for near term operational needs.

During 2024 the board of directors adopted a new investment policy which undesignated the formerly board designated endowment.

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 9 - Investments-Endowment:(continued)

	<u>2024</u>	<u>2023</u>
Board designated endowment net assets, beginning of year	\$ 459,523	\$ 455,444
Additions to account	-	91,816
Withdrawals from account	459,523	(120,000)
Investment income	-	16,598
Net appreciation	-	10,064
Gain on sale of investments	-	<u>5,601</u>
Board designated endowment net assets, end of year	<u>\$ -</u>	<u>\$ 459,523</u>

As of December 31, endowment investments consisted of the following:

		<u>2023</u>	
Vanguard Wellesley Income Fund	\$ 110,919	\$ 107,661	\$ 3,258
Money market mutual funds	232,464	232,464	-
Vanguard Wellington Fund	<u>116,140</u>	<u>102,620</u>	<u>13,520</u>
Total Investments	<u>\$ 459,523</u>	<u>\$ 442,745</u>	<u>\$ 16,778</u>

LOWER CAPE OUTREACH COUNCIL, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(See Independent Auditor's Report)

Note 10 - Refundable Advance:

Refundable advances are the remaining amounts received from a donor for distribution to a group of individuals who meet certain criteria. The individuals must apply and be approved to receive benefits and the unspent portion of the conditional contribution must be returned to the donor. The balance of \$ 19,093 on December 31, 2024 and 2023 are the amounts of the contribution for which conditions have not been met.

Note 11 - Restricted Net Assets:

Net assets with donor restrictions represent donations that are restricted by the donor. Donor imposed restrictions may be temporary or perpetual in nature. When a donor restriction is accomplished or when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as a reclassification of net assets.

Donor restricted as to purpose December 31, 2024:

Capital Campaign	\$ 50,000
Pledges Receivable	<u>15,000</u>
Total	<u>\$ 65,000</u>

Note 12 – Pledges Receivable:

Pledges receivable are expected to be fully collectable, therefore no allowance or discount is reported.

Pledges are due as follows: 2025	\$ 5,000
2026	5,000
2027	<u>5,000</u>
	<u>\$ 15,000</u>

Note 13 – Line of Credit:

In July 2023, The Organization obtained a \$250,000 line of credit to help finance its short-term capital needs. This line is collateralized by the real estate at 19 Brewster Cross Road, Orleans, Massachusetts, and interest is payable monthly on outstanding balances at an interest rate of .25% over the “Wall Street Journal” Prime Rate and not be below 3.5%. No borrowings occurred during 2023 or 2024. The loan balance is due on demand and shall be paid down to a zero balance for a minimum of thirty consecutive days on an annual basis.