



ARLINGTON THRIVE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arlington Thrive
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of Arlington Thrive (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, 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 Arlington Thrive as of June 30, 2025 and 2024, 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 audits 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 Arlington Thrive and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Arlington Thrive'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 Arlington Thrive'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 Arlington Thrive'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.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
December 3, 2025

ARLINGTON THRIVE

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 355,433	\$ 393,700
Contributions receivable	-	25,000
Due from Arlington County	-	6,050
Prepaid expenses	10,132	7,977
Investments	800,897	788,556
Property and equipment, net	<u>35,996</u>	<u>50,734</u>
Total assets	<u>\$ 1,202,458</u>	<u>\$ 1,272,017</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 10,081	\$ 22,749
Accrued payroll expenses	46,808	49,763
Refundable advances	<u>-</u>	<u>18,645</u>
Total liabilities	<u>56,889</u>	<u>91,157</u>
Net Assets		
Without donor restrictions	238,640	256,180
With donor restrictions	<u>906,929</u>	<u>924,680</u>
Total net assets	<u>1,145,569</u>	<u>1,180,860</u>
Total liabilities and net assets	<u>\$ 1,202,458</u>	<u>\$ 1,272,017</u>

ARLINGTON THRIVE
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 900,211	\$ 279,402	\$ 1,179,613
Arlington County support	95,874	-	95,874
Investment income, net	141	52,341	52,482
Other income	19,345	-	19,345
Net assets released from restrictions	349,494	(349,494)	-
Total revenue, support, and gains	<u>1,365,065</u>	<u>(17,751)</u>	<u>1,347,314</u>
Expenses			
Program services	<u>964,170</u>	<u>-</u>	<u>964,170</u>
Supporting services:			
General and administrative	243,469	-	243,469
Development	<u>174,966</u>	<u>-</u>	<u>174,966</u>
Total supporting services	<u>418,435</u>	<u>-</u>	<u>418,435</u>
Total expenses	<u>1,382,605</u>	<u>-</u>	<u>1,382,605</u>
Change in Net Assets	(17,540)	(17,751)	(35,291)
Net Assets , beginning of year	<u>256,180</u>	<u>924,680</u>	<u>1,180,860</u>
Net Assets , end of year	<u>\$ 238,640</u>	<u>\$ 906,929</u>	<u>\$ 1,145,569</u>

ARLINGTON THRIVE
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 877,210	\$ 302,403	\$ 1,184,257
Arlington County support	125,419	-	125,419
Other income	11,229	-	11,229
Investment income, net	1,139	53,981	55,120
Net assets released from restrictions	267,497	(267,497)	-
Total revenue, support, and gains	<u>1,397,340</u>	<u>(21,315)</u>	<u>1,376,025</u>
Expenses			
Program services	<u>1,531,886</u>	<u>-</u>	<u>1,531,886</u>
Supporting services:			
General and administrative	319,704	-	319,704
Development	<u>226,154</u>	<u>-</u>	<u>226,154</u>
Total supporting services	<u>545,858</u>	<u>-</u>	<u>545,858</u>
Total expenses	<u>2,077,744</u>	<u>-</u>	<u>2,077,744</u>
Change in Net Assets	(680,404)	(21,315)	(701,719)
Net Assets , beginning of year	<u>936,584</u>	<u>945,995</u>	<u>1,882,579</u>
Net Assets , end of year	<u>\$ 256,180</u>	<u>\$ 924,680</u>	<u>\$ 1,180,860</u>

ARLINGTON THRIVE

Statement of Functional Expenses

Year Ended June 30, 2025

		Supporting Services		Total	
	Program	General and	Development	Supporting	Total
	Services	Administrative		Services	
Salary and related expenses	\$ 631,633	\$ 111,058	\$ 138,840	\$ 249,898	\$ 881,531
Programs and emergency assistance	255,375	-	-	-	255,375
Accounting	-	83,726	-	83,726	83,726
Computer-related expense	22,363	3,933	4,915	8,848	31,211
Dues and subscriptions	17,316	5,061	6,952	12,013	29,329
Other expenses	12,406	1,618	4,972	6,590	18,996
Depreciation and amortization	12,388	2,179	2,722	4,901	17,289
Office rent	25	16,950	-	16,950	16,975
Printing	1,590	-	6,399	6,399	7,989
Telephone	3,689	2,871	44	2,915	6,604
Insurance	-	6,164	-	6,164	6,164
Office supplies and services	3,074	1,537	1,172	2,709	5,783
Community outreach campaigns	1,022	-	4,589	4,589	5,611
Website	61	2,036	1,800	3,836	3,897
Legal services	-	3,554	-	3,554	3,554
Postage and delivery	278	80	2,237	2,317	2,595
Bank charges	-	1,563	-	1,563	1,563
Conferences and meetings	1,224	-	231	231	1,455
Professional fees	1,097	300	-	300	1,397
Staff training	359	839	25	864	1,223
Travel	270	-	68	68	338
Total Expenses	\$ 964,170	\$ 243,469	\$ 174,966	\$ 418,435	\$ 1,382,605

See accompanying notes.

ARLINGTON THRIVE

Statement of Functional Expenses

Year Ended June 30, 2024

		Supporting Services		Total	
	Program	General and	Development	Supporting	Total
	Services	Administrative		Services	
Salary and related expenses	\$ 585,983	\$ 159,814	\$ 142,056	\$ 301,870	\$ 887,853
Programs and emergency assistance	812,967	-	-	-	812,967
Accounting	-	93,112	-	93,112	93,112
Computer-related expense	20,835	5,682	5,051	10,733	31,568
Dues and subscriptions	21,827	10,887	15,082	25,969	47,796
Other expenses	625	825	5,216	6,041	6,666
Depreciation and amortization	11,303	3,083	2,740	5,823	17,126
Office rent	150	4,800	-	4,800	4,950
Printing	1,355	165	19,738	19,903	21,258
Telephone	7,390	2,015	1,792	3,807	11,197
Insurance	15,543	4,239	3,768	8,007	23,550
Office supplies and services	1,085	2,285	2,109	4,394	5,479
Community outreach campaigns	-	9	2,500	2,509	2,509
Website	2,588	707	627	1,334	3,922
Legal services	-	13,060	-	13,060	13,060
Postage and delivery	380	418	12,085	12,503	12,883
Bank charges	246	3,364	-	3,364	3,610
Conferences and meetings	393	245	1,400	1,645	2,038
Professional fees	46,626	12,716	11,304	24,020	70,646
Staff training	1,422	387	345	732	2,154
Travel	1,168	1,891	341	2,232	3,400
Total Expenses	\$ 1,531,886	\$ 319,704	\$ 226,154	\$ 545,858	\$ 2,077,744

See accompanying notes.

ARLINGTON THRIVE

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (35,291)	\$ (701,719)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	17,289	17,126
Realized and unrealized gains on investments	(12,858)	(36,806)
Receivables	31,050	(5,545)
Prepaid expenses	(2,155)	38,475
Accounts payable	(12,668)	(17,278)
Accrued payroll expenses	(2,955)	(9,738)
Refundable advances	(18,645)	-
Grants payable	-	(262,271)
	<u>(36,233)</u>	<u>(977,756)</u>
Net cash used in operating activities		
	<u>(36,233)</u>	<u>(977,756)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	40,000	107,000
Purchases of property and equipment	(2,551)	-
Purchases of investments	(39,483)	(17,175)
	<u>(2,034)</u>	<u>89,825</u>
Net cash (used in) provided by investing activities		
	<u>(2,034)</u>	<u>89,825</u>
Net Decrease in Cash and Cash Equivalents	(38,267)	(887,931)
Cash and Cash Equivalents, beginning of year	<u>393,700</u>	<u>1,281,631</u>
Cash and Cash Equivalents, end of year	<u>\$ 355,433</u>	<u>\$ 393,700</u>

See accompanying notes.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

1. Nature of Organization and Programs

Arlington Thrive is a nonprofit organization incorporated in 1975 to support the long-term stability of families in Arlington, Virginia. By providing a comprehensive range of services, Arlington Thrive helps families build secure, thriving futures. These services include workforce development, childcare support, safe sleep training, and access to essential infant health supplies and community engagement. To ensure immediate stability during times of crisis, Arlington Thrive also offers emergency financial assistance for rent, utility bills, medical and dental bills, prescriptions, transportation, and other critical essentials. Together, these holistic programs empower families and the community to achieve lasting security in their jobs, health, and homes.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of Arlington Thrive have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Arlington Thrive considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Arlington Thrive maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. FDIC insurance is \$250,000 per depositor, per insured bank. Arlington Thrive has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Contributions Receivable

Arlington Thrive considers the need for an allowance for uncollectable contributions receivable based on a review of contributions receivable balances and historical collection experience. As of June 30, 2025 and 2024, contributions receivable balances of \$0 and \$25,000, respectively, are due within one year, considered fully collectable, and no allowance has been recorded.

Investments

Investments are carried at their fair market values based on publicly available market data obtained from services independent of Arlington Thrive. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. 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 materially affect amounts reported in future statements of activities. Management believes that Arlington Thrive's investments do not represent significant concentrations of market risk as the investment portfolios are adequately diversified among issuers.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value for assets subject to fair value measurement. The framework provides a fair value hierarchy that prioritizes unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

- Level 1: These are investments where values are based on unadjusted quoted prices for identical assets in an active market that the Institute has the ability to access.
- Level 2: These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.
- Level 3: These are investments where values are based upon other unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

- *Cash and cash equivalents* – Carried at cost, which approximates fair value (Level 1).
- *Mutual Funds* – Valued at the closing price reported in the active market on which the individual securities are traded and are categorized in Level 1 of the hierarchy.
- *Bonds* – Valued based on either the most recent observable trade and/or external quotes, depending on availability. The most recent observable trade price is given highest priority as the valuation benchmark based on an evaluation of transaction date, size, frequency, and bid offer. When neither external quotes nor a recent trade is available, the bonds are valued using a discounted cash flow approach based on risk parameters of comparable securities. In such cases, the potential pricing difference in spread and/or price terms with the traded comparable is considered. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy.

There have been no changes in the methodologies used during the years ended June 30, 2025 and 2024.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Arlington Thrive capitalizes all expenditures for property and equipment over \$1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment, generally five years to seven years. Website is amortized at cost using the straight-line basis over five years.

Accrued Vacation

Employees of Arlington Thrive are entitled to paid vacation depending on job classification, length of service, and other factors. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. Accrued vacation balance is included with accrued payroll expenses on the accompanying statements of financial position.

Classification of Net Assets

The financial statements of Arlington Thrive have been prepared in accordance with Accounting Standards Updates (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires Arlington Thrive to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of Arlington Thrive's general operations. Net assets without donor restrictions also include contributions and grants received with donor-imposed restrictions that are met in the same reporting period that they are received. Net assets without donor restrictions include the Board designated operating reserve.
- *Net Assets With Donor Restrictions* represent funds that are 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. Arlington Thrive did not have any donor-imposed restrictions which are perpetual in nature at June 30, 2025 and 2024.

Revenue and Support Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. A contribution is classified as with donor restriction when the donor has designated it for future use or specified an event that must transpire before it is available for use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, purpose restrictions are reclassified to without donor restrictions and reported in the statements of activities as net assets released from restrictions.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

A portion of Arlington Thrive's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Arlington Thrive has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Other revenue is recognized when earned.

Functional Classification of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. The following expense categories are allocated based on time and effort spent during the year: salary and related expenses, computer-related expenses, and depreciation and amortization.

Leases

Arlington Thrive accounts for leases in accordance with FASB Accounting Standards Codification (ASC) Topic 842, *Leases*. Arlington Thrive determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

The lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. An ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

Arlington Thrive elects not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. Arlington Thrive recognizes the lease payment associated with its short-term leases as an expense on a straight-line basis over the lease term. Short-term lease expense is recorded as office rent on the accompanying statements of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Income Taxes

Arlington Thrive is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. For the years ended June 30, 2025 and 2024, Arlington Thrive did not have unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

Arlington Thrive follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Arlington Thrive's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

Arlington Thrive performed an evaluation of uncertain tax positions for the years ended June 30, 2025 and 2024, and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status.

3. Investments and Fair Value Measurement

The following table sets forth Arlington Thrive's investments at fair value as of June 30, 2025 by level, within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Investments by level:				
Cash and cash equivalents	\$ 1,427	\$ -	\$ -	\$ 1,427
Mutual funds	460,650	-	-	460,650
Bonds	-	338,820	-	338,820
Total investments	<u>\$ 462,077</u>	<u>\$ 338,820</u>	<u>\$ -</u>	<u>\$ 800,897</u>

The following table sets forth Arlington Thrive's investments at fair value as of June 30, 2024 by level, within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Investments by level:				
Cash and cash equivalents	\$ 5,163	\$ -	\$ -	\$ 5,163
Mutual funds	454,599	-	-	454,599
Bonds	-	328,794	-	328,794
Total investments	<u>\$ 459,762</u>	<u>\$ 328,794</u>	<u>\$ -</u>	<u>\$ 788,556</u>

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

3. Investments and Fair Value Measurement (continued)

Net investment return included the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 46,384	\$ 24,533
Realized and unrealized gains	12,858	36,806
Fees	<u>(6,760)</u>	<u>(6,219)</u>
Total investment income, net	<u>\$ 52,482</u>	<u>\$ 55,120</u>

4. Property and Equipment

Arlington Thrive held the following property and equipment as of June 30:

	<u>2025</u>	<u>2024</u>
Equipment	\$ 30,152	\$ 27,602
Website	<u>61,200</u>	<u>61,200</u>
	91,352	88,802
Less: accumulated depreciation and amortization	<u>(55,356)</u>	<u>(38,068)</u>
Property and equipment, net	<u>\$ 35,996</u>	<u>\$ 50,734</u>

For the years ended June 30, 2025 and 2024, depreciation and amortization related to property and equipment totaled \$17,289 and \$17,126, respectively.

5. Board Designated Net Assets

Arlington Thrive maintains an operating reserve fund for board designated net assets, the purpose of which is to provide an internal source of resources. The balance in the fund was \$10,000 and \$183,070 as of June 30, 2025 and 2024, respectively.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2025:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Restricted for specific purposes:				
Federal Workforce Resilience	\$ -	\$ 49,702	\$ (2,762)	\$ 46,940
Early Childhood	98,887	190,000	(259,397)	29,490
Arlington Interfaith Network	-	20,000	(9,166)	10,834
Workforce Development	-	10,000	(1,299)	8,701
Youth in Transition	10,036	-	(4,360)	5,676
Nutrition	2,201	9,700	(7,510)	4,391
Subtotal net assets with donor restrictions – program support	111,124	279,402	(284,494)	106,032
Time restriction	25,000	-	(25,000)	-
Endowment:				
Emergency Medical and Dental Assistance	788,556	52,341	(40,000)	800,897
Total	<u>\$ 924,680</u>	<u>\$ 331,743</u>	<u>\$ (349,494)</u>	<u>\$ 906,929</u>

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

6. Net Assets With Donor Restrictions (continued)

Net assets with donor restrictions consisted of the following as of June 30, 2024:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Restricted for specific purposes:				
Arlington Thrive Fund	\$ 46,798	\$ -	\$ (46,798)	\$ -
Childcare	35,635	-	(35,635)	-
Early childcare education	-	165,000	(66,113)	98,887
Permanent Supportive Housing Emergency Fund	8,101	-	(8,101)	-
Risk reduction	3,850	-	(3,850)	-
Youth in Transition	10,036	-	-	10,036
Food assistance	-	2,201	-	2,201
Subtotal net assets with donor restrictions – program support	104,420	167,201	(160,497)	111,124
Time restriction	-	25,000	-	25,000
Endowment:				
Emergency Medical and Dental Assistance	841,575	53,981	(107,000)	788,556
Total	<u>\$ 945,995</u>	<u>\$ 246,182</u>	<u>\$ (267,497)</u>	<u>\$ 924,680</u>

7. Endowment

Arlington Thrive's endowment funds consist of donor-restricted funds established by Mitchel E. Davis, MD, for emergency medical and dental assistance. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Arlington Thrive has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Arlington Thrive classifies its investments as donor-restricted net assets until those amounts are appropriated for expenditure by Arlington Thrive in a manner consistent with the standard of prudence prescribed by UPMIFA.

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

7. Endowment (continued)

Interpretation of Relevant Law

In accordance with UPMIFA, Arlington Thrive considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Arlington Thrive and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of Arlington Thrive.
7. Investment policies of Arlington Thrive.

Return Objectives

Arlington Thrive adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds. The objective is to provide a balance between current income and growth of principal.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The amounts appropriated for distribution by Arlington Thrive is based on donor-imposed restrictions for distribution each year up to five percent of the endowment fund's fair value. However, the endowment fund allows Arlington Thrive to use more than five percent of the value in cases of extreme financial need.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Arlington Thrive to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025 and 2024.

The endowment net assets consisted of the following as of June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
Emergency Medical and Dental Assistance Fund	\$ -	\$ 800,897	\$ 800,897

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

7. Endowment (continued)

The endowment net assets consisted of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restriction	Total
Emergency Medical and Dental Assistance Fund	\$ -	\$ 788,556	\$ 788,556

Changes in Endowment Net Assets

For the years ended June 30, 2025 and 2024, the endowment activities consisted of the following:

	Without Donor Restrictions	With Donor Restriction	Total
Endowment funds as of July 1, 2024	\$ -	\$ 788,556	\$ 788,556
Investment return, net	-	52,341	52,341
Contributions	-	-	-
Amounts appropriated for expenditure	-	(40,000)	(40,000)
Endowment funds as of June 30, 2025	\$ -	\$ 800,897	\$ 800,897

	Without Donor Restrictions	With Donor Restriction	Total
Endowment funds as of July 1, 2023	\$ -	\$ 841,575	\$ 841,575
Investment return, net	-	53,981	53,981
Contributions	-	-	-
Amounts appropriated for expenditure	-	(107,000)	(107,000)
Endowment funds as of June 30, 2024	\$ -	\$ 788,556	\$ 788,556

ARLINGTON THRIVE

Notes to Financial Statements

June 30, 2025 and 2024

8. Liquidity and Availability of Resources

The following reflects Arlington Thrive's financial assets available within one year for general operations from June 30:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 355,433	\$ 393,700
Receivables	-	31,050
Investments	<u>800,897</u>	<u>788,556</u>
Total financial assets	1,156,330	1,213,306
Less those for unavailable for general expenditure within one year due to:		
Donor purposes	(106,032)	(111,124)
Endowment fund	(800,897)	(788,556)
Board designated net assets	<u>(10,000)</u>	<u>(183,070)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 239,401</u>	<u>\$ 130,556</u>

As part of Arlington Thrive's liquidity management, Arlington Thrive has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Arlington Thrive has a board designated reserve. The board may add to the reserve when there is a surplus and the board may approve requests for usage of the reserve, should the need arise. The reserve totaled \$10,000 and \$183,070 at June 30, 2025 and 2024, respectively.

9. Retirement Plan

Arlington Thrive sponsors a Section 403(b) tax-deferred annuity plan covering all employees. There is no minimum age for plan eligibility. Employees are eligible to participate in the plan after a 3-month period of service.

Under the terms of the plan, after the initial eligibility requirements are met, the Arlington Thrive offers a discretionary match to employees. For the years ended June 30, 2025 and 2024, employer contributions to the plan totaled \$7,291 and \$10,133, respectively. Employer retirement contributions are included in salaries and related expenses on the statements of functional expenses.

10. Subsequent Events

In preparing these financial statements, Arlington Thrive has evaluated events and transactions for potential recognition or disclosure through December 3, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.