



PREBLE STREET AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Preble Street and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Preble Street and Subsidiary (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Preble Street and Subsidiary as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Preble Street and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Preble Street and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Preble Street and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Preble Street and Subsidiary'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.

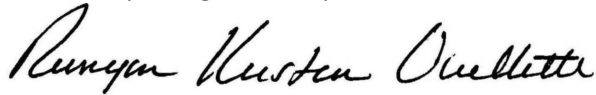
Board of Directors

March 25, 2025

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of Preble Street and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Preble Street and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Preble Street and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Remya Kusten Ouellette". The signature is fluid and cursive, with the first name "Remya" starting with a large, stylized 'R' and the last name "Ouellette" ending with a long, sweeping tail.

March 25, 2025

South Portland, Maine

PREBLE STREET AND SUBSIDIARY
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,666,010	4,326,790
Accounts receivable	191,915	194,159
Pledges receivable, current portion	488,301	620,483
Grants receivable	2,815,544	3,384,364
Prepaid expenses	207,141	154,579
Inventory	881	813
Total current assets	8,369,792	8,681,188
Investments:		
Investments	5,472,739	4,866,608
Investments - Genesis fund	110,282	108,120
Total investments	5,583,021	4,974,728
Property and equipment:		
Land	1,707,077	1,707,077
Buildings and improvements	20,107,042	20,060,966
Equipment	1,187,119	1,110,260
Vehicles	182,169	182,169
Construction in progress	1,400,475	623,238
	24,583,882	23,683,710
Less accumulated depreciation	(5,956,713)	(5,386,497)
Net property and equipment	18,627,169	18,297,213
Other assets:		
Restricted cash and cash equivalents	2,204,317	2,578,415
Pledges receivable, non-current, net	203,700	317,159
Right of use asset - operating	1,327,581	1,377,882
Unemployment trust	78,203	65,537
Deferred compensation plan assets (457b)	473,446	372,246
Total other assets	4,287,247	4,711,239
Total assets	\$ 36,867,229	36,664,368
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,168,942	523,972
Accrued expenses	1,418,644	1,013,836
Deferred revenue	2,927,792	4,035,520
Right of use liability - operating, current portion	196,260	150,522
Note payable, current portion	47,214	44,911
Total current liabilities	5,758,852	5,768,761
Non-current Liabilities:		
Right of use liability - operating, net of current portion	1,131,321	1,227,360
Note payable, net of current portion	1,856,308	1,901,782
Total non-current liabilities	2,987,629	3,129,142
Total liabilities	8,746,481	8,897,903
Net assets:		
Without donor restrictions:		
Undesignated	2,997,983	3,311,495
Board-designated investments	1,704,908	1,488,548
Investment in property and equipment	15,323,172	15,727,282
Total without donor restrictions	20,026,063	20,527,325
With donor restrictions	8,094,685	7,239,140
Total net assets	28,120,748	27,766,465
Total liabilities and net assets	\$ 36,867,229	36,664,368

See accompanying notes to financial statements.

PREBLE STREET AND SUBSIDIARY
Consolidated Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue and support:						
Government grant income	\$ 17,308,671	-	17,308,671	14,548,233	-	14,548,233
Fee for service income	1,808,085	-	1,808,085	1,060,475	-	1,060,475
Contributions	5,680,045	2,401,863	8,081,908	4,765,581	3,713,391	8,478,972
Contributed nonfinancial assets - services	48,107	-	48,107	74,306	-	74,306
Contributed nonfinancial assets - goods	1,406,153	-	1,406,153	1,882,990	-	1,882,990
United Way	247,495	-	247,495	546,387	-	546,387
Rental income	13,090	-	13,090	12,540	-	12,540
SBA PPP Loan forgiveness	-	-	-	1,999,999	-	1,999,999
Other income	6,224	-	6,224	15,171	-	15,171
Investment income (loss), net	(248,936)	1,166,694	917,758	261,482	220,375	481,857
Total revenue and support	26,268,934	3,568,557	29,837,491	25,167,164	3,933,766	29,100,930
Net assets released from restrictions:						
Restrictions satisfied by time or expenditure	2,713,012	(2,713,012)	-	11,008,408	(11,008,408)	-
Total net assets released from restrictions	2,713,012	(2,713,012)	-	11,008,408	(11,008,408)	-
Total revenue, support, and reclassifications	28,981,946	855,545	29,837,491	36,175,572	(7,074,642)	29,100,930
Program expenses:						
Food programs	4,070,863	-	4,070,863	4,370,181	-	4,370,181
Rapid rehousing	1,047,295	-	1,047,295	779,581	-	779,581
Veterans services	5,356,217	-	5,356,217	3,159,269	-	3,159,269
Community advocacy	310,735	-	310,735	303,818	-	303,818
Teen center	1,179,101	-	1,179,101	1,313,214	-	1,313,214
Joe Kreisler teen shelter	908,119	-	908,119	931,014	-	931,014
Logan place	1,077,658	-	1,077,658	942,512	-	942,512
Florence house	2,094,455	-	2,094,455	1,997,945	-	1,997,945
Anti-trafficking	1,454,646	-	1,454,646	898,932	-	898,932
Huston commons	1,125,275	-	1,125,275	958,511	-	958,511
Health services	692,945	-	692,945	706,715	-	706,715
Street outreach collaborative	319,845	-	319,845	598,111	-	598,111
CCMS Hotel shelter	-	-	-	217,781	-	217,781
Elena's Way	1,974,601	-	1,974,601	1,259,844	-	1,259,844
Shelter diversion	-	-	-	26,389	-	26,389
Recuperative care	1,189,016	-	1,189,016	683,134	-	683,134
TS Outreach	1,048,231	-	1,048,231	628,441	-	628,441
TS Housing	1,529,733	-	1,529,733	997,216	-	997,216
Other programs	136,832	-	136,832	62,220	-	62,220
Total program expenses	25,515,567	-	25,515,567	20,834,828	-	20,834,828
Supporting services:						
Administration	3,176,366	-	3,176,366	2,965,943	-	2,965,943
Fundraising	791,275	-	791,275	676,025	-	676,025
Total supporting services	3,967,641	-	3,967,641	3,641,968	-	3,641,968
Total expenses	29,483,208	-	29,483,208	24,476,796	-	24,476,796
Change in net assets	(501,262)	855,545	354,283	11,698,776	(7,074,642)	4,624,134
Net assets, beginning of year	20,527,325	7,239,140	27,766,465	8,828,549	14,313,782	23,142,331
Net assets, end of year	\$ 20,026,063	8,094,685	28,120,748	20,527,325	7,239,140	27,766,465

See accompanying notes to financial statements.

PREBLE STREET AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program services										
	Food Programs	Rapid Rehousing	Veterans Services	Community Advocacy	Teen Center	Joe Kreisler Teen Shelter	Logan Place	Florence House	Anti-Trafficking	Huston Commons	Health Services
Salaries	\$ 1,161,308	576,615	1,620,820	193,317	715,723	585,476	783,590	1,411,682	528,864	842,097	291,426
Payroll taxes and employee benefits	367,367	160,068	520,680	45,229	194,735	176,262	207,362	351,284	141,000	207,374	75,690
Contributed nonfinancial assets - goods	1,123,842	12,657	14,756	-	27,526	-	2,533	27,919	25,310	2,533	51,117
Contributed nonfinancial assets - services	35,546	-	766	166	4,568	-	2,092	1,278	2,584	512	-
Food	758,804	-	-	-	-	-	646	321	-	-	-
Insurance	11,339	5,910	18,693	1,516	5,491	4,235	6,803	12,418	5,769	7,131	3,128
Occupancy	222,904	17,070	224,011	9,750	50,062	65,571	22,345	176,936	75,300	24,985	47,836
Office supplies	1,069	1,001	6,614	298	1,960	522	1,229	2,438	3,863	467	283
Client assistance	2,351	202,389	2,476,443	523	9,075	64	7,301	13,610	147,174	1,041	18,210
Outside services	108	-	-	-	-	-	-	-	37,924	-	-
Postage	558	523	3,452	155	1,023	273	642	1,273	2,017	243	148
Printing	1,163	1,088	7,191	324	2,131	568	1,337	2,651	4,201	507	308
Professional fees	2,911	1,539	7,878	28,640	1,410	1,087	1,747	3,187	1,459	1,831	803
Program expenses	18,765	13,087	78,174	-	21,398	5,419	3,752	15,507	19,046	1,349	27,780
Dues and subscriptions	103,816	1	2,358	1,719	71	3	-	138	473	-	22
Staff development	62,115	6,600	20,243	2,825	20,854	4,934	5,704	16,115	8,260	7,522	3,381
Subcontracts	17,557	-	132,128	-	30,135	-	-	-	309,832	-	108,824
Technology	38,821	26,929	104,264	4,594	46,659	14,685	25,169	47,848	26,964	23,421	10,786
Training/advocacy stipend	-	-	75	14,350	16,695	-	-	-	1,540	-	-
Travel	22,403	11,537	83,337	7,329	626	24	4,242	4,019	24,433	3,098	3,130
	3,952,747	1,037,014	5,321,883	310,735	1,150,142	859,123	1,076,494	2,088,624	1,366,013	1,124,111	642,872
Depreciation expense	118,116	10,281	34,334	-	28,959	48,996	1,164	5,831	88,633	1,164	50,073
Total expenses	\$ 4,070,863	1,047,295	5,356,217	310,735	1,179,101	908,119	1,077,658	2,094,455	1,454,646	1,125,275	692,945

PREBLE STREET AND SUBSIDIARY
Consolidated Statement of Functional Expenses, Continued
Year Ended June 30, 2024

	Program services							Supporting services			
	Street Outreach Collaboration	Elena's Way	Recuperative Care	TS Outreach	TS Housing	Other Programs	Total	Administration	Fundraising	Total	Total expenses
Salaries	\$ 181,484	1,320,529	769,895	455,555	558,287	64,129	12,060,797	1,925,038	460,982	2,386,020	14,446,817
Payroll taxes and employee benefits	45,768	356,370	177,744	161,967	176,529	13,538	3,378,967	631,258	147,106	778,364	4,157,331
Contributed nonfinancial assets - goods	50,617	44,018	-	-	-	-	1,382,828	23,325	-	23,325	1,406,153
Contributed nonfinancial assets - services	9	-	24	-	-	-	47,545	562	-	562	48,107
Food	23	329	175,037	-	1,084	-	936,244	473	-	473	936,717
Insurance	2,008	10,656	5,847	4,795	5,683	504	111,926	20,953	3,729	24,682	136,608
Occupancy	11,730	103,288	6,350	12,456	52,899	798	1,124,291	39,652	13,371	53,023	1,177,314
Office supplies	688	1,817	177	583	2,271	24	25,304	19,198	11,739	30,937	56,241
Client assistance	8,821	12,587	1,335	42,745	593,325	33,125	3,570,119	65	-	65	3,570,184
Outside services	-	-	-	-	-	1,440	39,472	23,250	-	23,250	62,722
Postage	359	948	92	304	1,186	12	13,208	10,021	6,127	16,148	29,356
Printing	748	1,975	193	634	2,470	25	27,514	20,871	12,762	33,633	61,147
Professional fees	515	2,797	1,501	1,231	2,791	130	61,457	100,685	14,659	115,344	176,801
Program expenses	3,157	20,524	2,810	50,229	66,432	3,873	351,302	1,385	366	1,751	353,053
Dues and subscriptions	1	1,113	-	20	40	-	109,775	16,175	29,550	45,725	155,500
Staff development	1,758	10,934	6,977	4,064	4,061	4,777	191,124	63,265	8,464	71,729	262,853
Subcontracts	-	-	-	282,487	8,000	-	888,963	-	-	-	888,963
Technology	5,858	36,606	30,831	18,016	29,677	1,903	493,031	157,785	62,180	219,965	712,996
Training/advocacy stipend	-	-	-	-	120	-	32,780	1,330	-	1,330	34,110
Travel	1,053	1,408	5,205	13,145	16,592	4,432	206,013	27,465	6,541	34,006	240,019
Depreciation expense	5,248	48,702	4,998	-	8,286	8,122	462,907	93,610	13,699	107,309	570,216
Total expenses	\$ 319,845	1,974,601	1,189,016	1,048,231	1,529,733	136,832	25,515,567	3,176,366	791,275	3,967,641	29,483,208

See accompanying notes to financial statements.

PREBLE STREET AND SUBSIDIARY
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program services											
	Food Programs	Rapid Rehousing	Veterans Services	Community Advocacy	Teen Center	Joe Kreisler Teen Shelter	Logan Place	Florence House	Anti- Trafficking	Huston Commons	Health Services	Street Outreach Collaboration
Salaries	\$ 1,048,598	418,208	1,229,887	179,559	626,847	608,478	694,038	1,372,670	396,913	721,754	343,987	214,356
Payroll taxes and employee benefits	280,833	104,694	371,619	26,832	158,763	170,520	176,646	322,717	89,292	166,441	86,869	56,206
Contributed nonfinancial assets - goods	1,582,598	4,493	1,759	541	16,131	-	5,292	23,417	882	1,540	5,830	220,886
Contributed nonfinancial assets - services	-	1,112	435	134	3,990	-	1,309	5,793	218	381	1,442	54,640
Food	795,015	47	161	16	59	40	273	167	35	125	39	85
Insurance	10,047	4,210	14,491	1,404	4,879	3,319	6,026	11,540	2,689	6,260	2,941	2,428
Occupancy	295,034	14,784	123,365	10,043	51,466	68,685	13,569	148,727	98,976	15,679	54,496	12,370
Office supplies	871	1,113	3,137	348	1,543	209	686	1,658	1,330	712	391	642
Client assistance	1,111	176,152	1,120,579	66	7,139	996	3,004	4,882	25,788	933	26,664	3,494
Outside services	-	-	5,801	2,430	-	-	-	-	5,950	-	-	-
Postage	527	673	1,899	211	934	126	415	1,003	806	431	236	388
Printing	1,176	1,501	4,233	470	2,083	281	926	2,237	1,796	960	527	866
Professional fees	2,846	1,193	4,105	20,488	2,645	940	1,707	3,268	2,179	1,773	833	688
Program expenses	230	7,158	1,401	884	16,161	966	3,220	7,688	8,911	3,717	10,100	7,012
Dues and subscriptions	100,493	50	500	518	61	76	24	71	432	25	14	81
Staff development	46,432	4,188	14,446	4,231	31,219	5,683	5,427	27,073	11,329	4,925	4,687	3,607
Subcontracts	-	-	90,559	-	299,531	-	-	-	110,020	-	90,864	-
Technology	36,080	20,877	89,086	8,321	45,602	15,562	27,921	56,287	32,036	30,842	16,271	13,938
Training/advocacy stipend	-	-	-	12,210	10,265	-	-	-	520	-	375	-
Travel	35,420	7,563	43,183	35,112	1,320	17	720	2,188	9,126	704	3,821	521
Depreciation expense	4,237,311	768,016	3,120,646	303,818	1,280,638	875,898	941,203	1,991,386	799,228	957,202	650,387	592,208
	132,870	11,565	38,623	-	32,576	55,116	1,309	6,559	99,704	1,309	56,328	5,903
Total expenses	\$ 4,370,181	779,581	3,159,269	303,818	1,313,214	931,014	942,512	1,997,945	898,932	958,511	706,715	598,111

PREBLE STREET AND SUBSIDIARY
Consolidated Statement of Functional Expenses, Continued
Year Ended June 30, 2023

	Program services								Supporting services			
	CCMS Shelter	Elena's Way	Shelter Diversion	Recuperative Care	TS Outreach	TS Housing	Other Programs	Total	Administration	Fundraising	Total	Total expenses
Salaries	\$ 166,227	810,560	17,676	496,699	422,078	450,861	4,437	10,223,833	1,676,499	410,884	2,087,383	12,311,216
Payroll taxes and employee benefits	27,101	183,108	4,060	86,534	113,283	128,355	732	2,554,605	525,857	116,506	642,363	3,196,968
Contributed nonfinancial assets - goods	-	2,089	-	-	-	-	-	1,865,458	17,532	-	17,532	1,882,990
Contributed nonfinancial assets - services	-	517	-	-	-	-	-	69,971	4,335	-	4,335	74,306
Food	-	6,416	-	87,445	43	44	-	890,010	279	48	327	890,337
Insurance	-	8,298	-	-	3,575	3,653	-	85,760	27,403	3,345	30,748	116,508
Occupancy	1,901	76,720	-	730	14,477	15,909	66	1,016,997	120,351	21,077	141,428	1,158,425
Office supplies	221	1,858	-	63	288	260	-	15,330	20,678	8,912	29,590	44,920
Client assistance	8,840	2,095	4,614	152	9,433	323,461	15,154	1,734,557	-	-	-	1,734,557
Outside services	-	-	-	-	-	-	-	14,181	53,560	-	53,560	67,741
Postage	133	1,124	-	38	175	157	-	9,276	12,518	5,395	17,913	27,189
Printing	297	2,506	-	85	389	351	-	20,684	27,903	12,026	39,929	60,613
Professional fees	-	2,740	-	-	1,515	2,679	-	49,599	61,522	12,629	74,151	123,750
Program expenses	10,797	3,507	-	699	6,698	20,625	23,596	133,370	489	332	821	134,191
Dues and subscriptions	20	39	-	20	515	15	-	102,954	61,329	18,416	79,745	182,699
Staff development	407	14,290	-	2,711	4,924	7,641	7,763	200,983	73,617	3,789	77,406	278,389
Subcontracts	-	-	-	-	24,469	8,000	-	623,443	-	-	-	623,443
Technology	1,770	88,398	-	106	17,229	16,869	1,335	518,530	154,603	43,560	198,163	716,693
Training/advocacy stipend	-	-	-	-	-	160	-	23,530	3,407	50	3,457	26,987
Travel	67	794	39	2,230	9,350	8,855	-	161,030	18,757	3,646	22,403	183,433
Depreciation expense	-	54,785	-	5,622	-	9,321	9,137	520,727	105,304	15,410	120,714	641,441
Total expenses	\$ 217,781	1,259,844	26,389	683,134	628,441	997,216	62,220	20,834,828	2,965,943	676,025	3,641,968	24,476,796

See accompanying notes to financial statements.

PREBLE STREET AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 354,283	4,624,134
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	570,216	641,441
Change in unamortized discount	(3,509)	(52,389)
Realized and unrealized gain on investments	(445,474)	(167,876)
Contributions received for long-term purposes	(2,401,863)	(3,713,391)
SBA PPP loan forgiveness	-	(1,999,999)
(Increase) decrease in assets:		
Accounts receivable	2,244	(129,074)
Pledges receivable	249,150	1,157,539
Grants receivable	568,820	(795,809)
Prepaid expenses	(52,562)	32,356
Inventory	(68)	628
Unemployment trust	(12,666)	(30,604)
Deferred compensation plan assets	(101,200)	(63,247)
Right of use asset - operating	50,301	237,805
Increase (decrease) in liabilities:		
Accounts payable	644,970	(580,770)
Accrued expenses	404,808	126,836
Right of use liability - operating	(50,301)	(237,805)
Deferred revenue	(1,107,728)	1,614,967
Net cash and cash equivalents (used in) provided by activities	(1,330,579)	664,742
Cash flows from investing activities:		
Proceeds from sale of investments	1,276,345	1,595,297
Purchases of investments	(1,439,164)	(1,539,960)
Purchase of property and equipment	(900,172)	(1,914,554)
Net cash and cash equivalents used in investing activities	(1,062,991)	(1,859,217)
Cash flows from financing activities:		
Payments on notes payable	(43,171)	(41,294)
Contributions received for long-term purposes	2,401,863	3,713,391
Net cash and cash equivalents provided by financing activities	2,358,692	3,672,097
Net change in cash and cash equivalents	(34,878)	2,477,622
Cash and cash equivalents, beginning of year	6,905,205	4,427,583
Cash and cash equivalents, end of year	\$ 6,870,327	6,905,205
Supplemental disclosures:		
Cash and cash equivalents	\$ 4,666,010	4,326,790
Restricted cash and cash equivalents	2,204,317	2,578,415
Total cash and cash equivalents	\$ 6,870,327	6,905,205
Cash paid during the year for interest	\$ 98,158	100,034

See accompanying notes to financial statements.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements
June 30, 2024 and 2023

DESCRIPTION OF PURPOSE

Preble Street and Subsidiary (the Organization) is a nonprofit corporation whose mission is to provide accessible, barrier-free services to empower people experiencing problems with homelessness, housing, hunger, and poverty, and to advocate for solutions to these problems.

The consolidated financial statements include the accounts of 55 Portland Preble Street, LLC (the LLC), which holds land and a building that the Organization uses to perform their services. Preble Street is the sole member and owns a 100% interest in the LLC.

Elena's Way

A low-barrier, 24-hour emergency shelter for up to 40 clients, with staff and services on site, targeting individuals who have been previously unsheltered or cannot access other area shelters.

Food Programs

The largest direct service emergency food program in Northern New England, Preble Street Food Programs prepare and distribute almost one million meals a year to meet the nutritional needs of homeless and low-income individuals and families through the following:

Food Security Hub: Preparing meals twice a day for guests at area homeless shelters and other community members experiencing food insecurity.

Soup Kitchens: Serving three meals a day, 365 days a year at the Teen Center and Florence House.

Food Pantry: Distributing emergency food boxes to individuals and families across southern Maine.

Mobile Food: Preparing healthy ready-to-eat meals and accompanying Street Outreach Collaborative caseworkers twice a day to distribute meals and other essential needs to unhoused people throughout Portland.

Logan Place

Northern New England's first "Housing First" program; Logan Place provides efficiency apartments and 24/365 support for 30 formerly homeless tenants who are developing skills to maintain independent housing. It offers community space for group and recreational activities and on-site laundry. Housing Support Staff assist tenants with developing and enhancing life skills and building community, and making referrals for case management, healthcare, mental health and substance use disorder treatment, employment, and legal assistance.

Florence House

From a safe and supported shelter to permanent housing, Florence House serves 65 homeless women 24/365. Florence House provides basic needs from beds to nutritious meals to hygiene education, as well as comprehensive support and referrals for case management, access to community resources for healthcare, mental health and substance use disorder, employment, and legal assistance, and permanent stable housing through three components, including:

Permanent Apartments: 25 "housing first" efficiency apartments with support services for individuals ready to manage independently with staff who can assist them with developing skills to maintain stable independent housing, re-integrate into the community, and reconnect with families.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

DESCRIPTION OF PURPOSE, CONTINUED

Safe Haven: 15 semi-private emergency shelter units with support services for the most vulnerable women while they develop the trust, self-assurance, and skills to become more independent.

Emergency Shelter: 25 beds providing safety, basic service, housing assistance, referrals, to support women who are temporarily homeless because of economic or situational crisis.

Huston Commons

Provides 24/365 permanent supported “housing first” efficiency apartments for 30 formerly chronically homeless adults with multiple disabilities and challenges who are developing skills to maintain independent housing. It offers community space and laundry and includes a medical care room to accommodate practitioners and telemedicine, as well as on-site staff who provide referrals for case management and facilitate access to healthcare, mental health and substance use disorder treatment, employment, and legal assistance.

Veterans Housing Services (VHS)

Operating from offices in Portland, Lewiston, and Bangor, VHS provides rapid re-housing and homelessness prevention services throughout Maine for veterans’ households that are either experiencing homelessness or are at-risk of homelessness. Using a collaborative and holistic approach, the program supports the housing goals of veterans in urban and rural communities with many entry points and a coordinated continuum of support and housing options. Program services include outreach, case management, emergency food, connection to resources for legal assistance, increasing income, connection to mainstream and VA benefits, rental assistance, transportation, etc. to approximately 400 veterans’ households.

Anti-Trafficking Services

Comprehensive and collaborative client-centered service coordination and support for victims of human trafficking, including sex and labor trafficking. ATS focuses on identifying victims, intervention, training providers, providing outreach and emergency services, case management and interdisciplinary service planning, and promoting individual and systemic justice. Anti-Trafficking Services empowers clients to understand they have choices and access to services, support, and information that facilitate healing and growth.

Health Services

Currently includes the Maine Medical Center-Preble Street Learning Collaborative, and the Recuperative Care Program (RCP).

Maine Medical Center-Preble Street Learning Collaborative (MMC-PSLC): The MMC-PSLC provides community-based healthcare for people experiencing homelessness that integrates health care delivery with learning opportunities and social work.

Recuperative Care: RCP is a 15-bed, post-acute care facility for people experiencing homelessness who cannot recover from an illness or injury on the street or in a shelter but do not require hospital-level care. With 24 hours of on-site medical care provided by Greater Portland Health and casework and support services provided by Preble Street, the RCP provides an opportunity for individuals who lack stable housing to recover in a safe environment while accessing needed medical care and other supportive services.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

DESCRIPTION OF PURPOSE, CONTINUED

Community Advocacy

Preble Street Advocacy programs advance social and economic justice through outreach, education, and engagement in public policy discussions throughout Maine in order to empower people experiencing problems with homelessness, housing, hunger, and poverty and to improve their well-being.

Homeless Voices for Justice: Works with, and for, people who struggle with homelessness, poverty, and oppression to educate its constituency and the wider community on issues affecting people who struggle with homelessness and poverty; advocates on an individual and systems basis for change that improves social conditions; and registers people to vote.

Maine Hunger Initiative: Created to meet immediate food needs, offset food supply shortages, and develop long-term solutions to hunger in one of the most food insecure states in the U.S., Maine Hunger Initiative works to end hunger statewide through community organizing and program development, and promotes state and national policies and programs that strengthen Maine's emergency food system, implement best practices, and ensure access to adequate nutrition through public and private collaborations.

Rapid Rehousing

The Rapid Re-Housing program houses clients experiencing homelessness in the Portland and Lewiston areas. Rapid Re-Housing is an evidence-based and housing first intervention designed to help individuals quickly exit homelessness, return to housing in the community, and not become homeless again in the future. One caseworker focuses on shelter diversion, working with clients at the "front door" of the homeless service system to help them avoid accessing the emergency shelter system or sleep unsheltered.

Street Outreach Collaborative

Offering concerted, comprehensive outreach twice a day, 365 days a year to people living in unsheltered locations, ensuring basic needs are met, while facilitating access to safe shelter, housing and supportive services. Program services include supporting prepared meals and basic needs distribution to individuals experiencing unsheltered homelessness.

CCMS Shelter

A temporary program funded through Maine Housing to provide on-site services to individuals accessing emergency shelter services in a South Portland area hotel due to limited shelter capacity as a result of the COVID-19 pandemic. The program is designed to support individuals accessing emergency shelter through the provision of light-touch case management services and on-site social service support for crisis de-escalation and milieu management at the hotel. The mission of Community Case Management Services is to mitigate barriers individuals face in navigating and accessing services as well as providing additional on-site support to reduce calls for service at the hotel. CCMS officially opened on-site to begin providing services at the end of February 2022. This temporary program ended during the year ended June 30, 2023.

Teen Services

Offering safety and social work services 24/365 for 40-60 homeless and runaway youths, to meet the emergency and long-term needs of young people ages 12-20 through a comprehensive program model where they can develop life skills that promote stability and independence. Services include:

Joe Kreisler Teen Shelter: A low-barrier state licensed 28-bed overnight emergency shelter, providing safety and support services 8pm-8am, including showers, clothing, a place to study or meet with staff, informal activities, crisis intervention, and a full range of services in coordination with the Teen Center and community resources to assist each youth in staying off the street.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

DESCRIPTION OF PURPOSE, CONTINUED

Teen Center: Open 8am-8pm to provide outreach and survival kits to youths on the street as well as a low-barrier drop-in to meet immediate needs for shelter, safety, nutritious meals, showers, laundry, clothing, crisis intervention, youth development activities, and case management to help youth identify strengths and develop problem-solving skills. It provides access to resources essential for healthcare and successful goal-planning and growth, including on-site collaborative services for educational and vocational opportunities, healthcare services, and mental health and substance use disorder treatment.

Teen Housing Services: Long-term transition-in-place supportive housing to help young people, ages 16-21, who cannot return safely to their families, overcome obstacles to stable housing. In addition to meeting basic needs, Teen Housing services include scattered site apartments, outreach, individual assessment and service planning, life skills development, educational and vocational support, referrals to community resources, case management for up to 18 months, and continued support for up to a year after discharge. Upon successful completion of the program, participants are eligible for a housing voucher and to use at the current apartment or a new apartment.

Teen Outreach: Preble Street Teen Outreach programs include Mobile Diversion and Navigation, which provides intensive, short-term services to rapidly resolve episodes of homelessness and the McKinney-Vento Outreach Program that works directly with schools to increase their internal capacity to identify and provide appropriate resources for eligible students and families.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - Accounting principles generally accepted in the United States of America provides guidance for the reporting and disclosure of financially interrelated organizations. The consolidated financial statements include the accounts of 55 Portland Preble Street, LLC (the LLC), which holds land and a building that the Organization uses to perform their services. Preble Street is the sole member and owns a 100% interest in the LLC. Based upon this relationship between Preble Street and the LLC, consolidated financial statements are presented. The two organizations together are collectively referred to as the Organization in these consolidated financial statements. All significant inter-organization transactions were eliminated in consolidation.

Basis of Accounting - The consolidated financial statements are prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets with donor restrictions and net assets without donor restrictions. Net assets without donor restrictions are resources available to support operations and are not subject to donor imposed restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents, and its application for tax-exempt status. The governing board has designated a portion of net assets without donor restrictions to serve as board designated endowment.

Net assets with donor restrictions 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, such as where the donor stipulates that resources be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

donor restrictions if the donor limits their use. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Revenue Recognition - All public support and revenue is considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes. Such Board-designated funds are shown as a segregated portion of net assets without donor restrictions on the consolidated statements of financial position.

Cash and cash equivalents - For the purposes of the statements of cash flows, Preble Street and Subsidiary considers all checking, savings, and repurchase accounts to be cash and cash equivalents. Restricted cash and cash equivalents represent cash received with donor-imposed restrictions that limits the use of that cash to the acquisition of property and equipment, or food, as well as restrictions for health insurance related items.

Indirect Costs - Preble Street and Subsidiary allocates indirect costs to programs in accordance with a cost allocation plan, which is based on several methods that determine each program's use of indirect costs.

Accounts and Grants Receivable - Preble Street and Subsidiary receives various governmental grants and contracts to provide services statewide with a concentration in southern Maine. All receivable balances are considered fully collectible; therefore, an allowance for doubtful accounts is not considered necessary.

Allowance for Credit Losses Receivable - When an account balance is past due and attempts have been made to collect the receivable, the amount is considered uncollectible and is written off against the allowance for credit losses. For each of the years ended June 30, 2024 and 2023, the Organization did not consider an allowance for credit losses to be necessary, as all amounts were considered fully collectible and the estimated credit loss was not considered material to the consolidated financial statements.

The Organization's policy is to measure its allowance for credit losses based on an evaluation of historical internal and external information and past experience of the receivable aging, adjusted for current economic conditions, and a reasonable and supportable forecast about future events that affects the collectibility of receivables. Specific factors considered in measuring the expected amount of receivables collected include the current customer-specific risk characteristics, current and forecasted future financial condition, the customer's past payment history and forecasted payment ability, and other factors, such as changes in the economy due to interest, inflation, and unemployment levels.

In measuring expected credit losses for accounts receivables, the Organization considers the entire population of receivables to be a single pool because the assets have similar risk characteristics in terms of customer creditworthiness, customer industry and geographic location, and the impact of the current and forecasted direction of the economic and business environment on collectability of such receivables. In situations in which customers have risk characteristics that are outside those of the customer pool as a whole, those customers are evaluated for credit losses using criteria independent of the remainder of the receivable pool.

From time to time, there may be changes in current economic conditions, such as rates of interest, inflation, unemployment, and borrower forecasted ability to make payments, among others, that may impact the overall economic outlook and change the forecast of the expected amounts to be collected for receivable. In those situations, the Organization factors in those changes into its computation of expected losses.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

During the years ended June 30, 2024 and 2023, there were no changes in the Organization's accounting policies or methodology, in measuring credit losses related to its accounts receivables. There were also no significant changes in the amount of accounts written off during the years ended June 30, 2024 and 2023.

Inventory - Inventory consists of purchased food, beverages, and supplies and is stated at fair value as of the date of donation, using the first-in-first-out method. For purchased goods, inventory is stated at the lower of cost or market.

Property and Equipment - Property and equipment with a value of \$5,000 or more is capitalized at cost if purchased, or fair value at the date of the gift if donated, and is recorded as an addition to unrestricted net assets. Expenditures for minor additions are charged to expense when incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets (buildings: 35 to 40 years; major improvements: 20 to 35 years; vehicles: 5 years; computers: 3 to 5 years; and other equipment: 5 to 10 years).

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. Such reclassifications had no effect on the results of operations as previously reported.

Grants and Contributions - Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date the contribution is made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets with donor restrictions, to be used to acquire or construct property and equipment, are reported as revenues of the net assets with donor restrictions class and are temporary in nature; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Income Taxes - Preble Street is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Preble Street's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Preble Street qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Code.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service or state taxing authorities. Preble Street is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

New Accounting Pronouncements - In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09 *Income Taxes (Topic 740)*. This ASU eliminates or modifies certain requirements currently in place and establishes new income tax disclosure requirements. Application of this ASU must be applied for fiscal years ending on or after December 15, 2025. In addition, during December 2023, the FASB issued ASU No. 2023-08 *Intangibles - Goodwill and Other – Crypto Assets (Subtopic 350-60)*. This ASU requires additional disclosures as well as measuring crypto assets at fair value on the balance sheet and recognizing re-measurement changes, as needed, in net income for each reporting period. Topic 820, Fair Value guidance is also applicable under this new ASU. Application of this ASU must be applied for fiscal years beginning after December 15, 2024. The Organization is currently evaluating the impact of these ASUs on the consolidated financial statements.

During the year ended June 30, 2024, the Organization adopted the provisions of ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Under this ASU, the incurred loss methodology for determining an allowance for credit losses is replaced with an expected loss methodology. Accordingly, the expected credit loss methodology requires an organization to measure its allowance for credit losses using historical data and information, current economic conditions, and reasonable and supportable forecasted information about future events. This ASU was adopted using the modified retrospective approach, and no adjustments to beginning of year net assets was required for its adoption.

CONCENTRATION OF CREDIT RISK

Cash balances were held in accounts at various financial institutions during the years ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, Preble Street and Subsidiary's accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) at levels set by applicable statute and regulation. At June 30, 2024 and 2023, the Organization had uninsured cash balances in the amount of \$381,580 and \$470,844, respectively.

CONDITIONAL PROMISES TO GIVE

During the years ended June 30, 2024 and 2023, the Organization was awarded several grants, subject to certain conditions, to provide funding in a non-exchange fashion in support of the Organization. Such conditionally promised funding amounted to \$32,784,741 and \$25,151,730 for the years ended June 30, 2024 and 2023, respectively. In accordance with FASB ASC 958-605-25 *Revenue Recognition-Contributions*, contributions subject to conditions are not recognized as revenue until the related conditions have been met.

For the above noted grants, conditions are considered to have been fully satisfied when qualifying expenditures have been incurred. As of June 30, 2024 and 2023, total conditional contributions yet to be recognized as revenue amounted to \$3,055,810 and \$8,564,532, respectively.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

GRANTS RECEIVABLE

Following is a summary of grants receivable at June 30:

	<u>2024</u>	<u>2023</u>
City of Portland	\$ 304,244	37,803
Maine State Housing Authority	326,075	524,088
State of Maine Department of Education	81,815	26,168
Portland Adult Education	-	7,320
U.S. Department of Justice	63,368	44,816
Cumberland County Community Development	176,195	-
U.S. Department Housing and Urban Development	457,391	519,024
U.S. Department of Health and Human Services	91,673	83,986
State of Maine Department of Health and Human Services	480,352	1,095,000
U.S. Department of Veterans Affairs	485,966	530,473
Greater Portland Health	290,691	243,745
Emergency Food and Shelter Program	12,999	67,165
Southern Maine Agency on Aging	-	4,503
United Way of Southern Maine	-	200,273
Biddeford Housing Authority	1,675	-
Maine Health Access Foundation	7,100	-
City of South Portland	36,000	-
Total grants receivable	\$ 2,815,544	3,384,364

Grants receivable at June 30, 2024 and 2023 are considered to be fully collectible. Therefore, an allowance for uncollectible accounts is not deemed necessary.

PLEDGES RECEIVABLE

Total pledges receivable for all campaigns, net of unamortized discount, are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Pledges receivable expected to be collected in:		
Less than one year	\$ 488,301	620,483
One year to five years	210,000	326,968
	698,301	947,451
Less unamortized discount	(6,300)	(9,809)
	692,001	937,642
Less current portion	(488,301)	(620,483)
Non-current portion	\$ 203,700	317,159

Pledges receivable at June 30, 2024 and 2023 are considered to be fully collectible. Therefore, an allowance for uncollectible accounts is not deemed necessary. For each of the years ended June 30, 2024 and 2023, the discount on future pledges was calculated using a rate of 3%.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

INVESTMENTS

Investments are carried at fair value and consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Mutual funds	\$ 2,642,429	2,536,887
Exchange-traded funds	2,293,935	1,671,772
Certificates of deposit	69,131	409,369
Money market funds and cash equivalents	467,244	248,580
Totals	\$ 5,472,739	4,866,608

GENESIS FUND INVESTMENT

During 2022, Preble Street and Subsidiary transferred assets to the Genesis Fund (the Foundation). The Foundation is a nonprofit that offers financing to nonprofit organizations throughout Northern New England to develop affordable housing and community facility projects. This is done through various organizations providing funds to the Foundation to be held as an investment. The funds contributed earn interest at a fixed rate; however, they must be kept as an investment for a set period of time.

In February, 2022, Preble Street and Subsidiary transferred \$106,000 to be held by the Foundation through February, 2025. This investment will earn a 2% simple interest rate.

The aggregate amount recognized in the consolidated statements of financial position as "Investments - Genesis fund" at June 30, 2024 and 2023 amounted to \$110,282 and \$108,120, respectively.

ENDOWMENT

At June 30, 2024 and 2023, Preble Street and Subsidiary had Board-designated endowment funds totaling \$1,704,908 and \$1,488,548, respectively, and donor-restricted endowment funds totaling \$2,403,140 and \$2,105,912, respectively. The purpose of these funds is to generate income to be used to provide annual support to the ongoing operations of Preble Street and Subsidiary. Preble Street and Subsidiary has adopted the provisions of FASB ASC 958-205-50-1A, *Reporting Endowment Funds*. Under these provisions, Preble Street and Subsidiary is required to classify and report net assets associated with endowment funds, including those designated by the Board of Directors to function as endowments, based on the existence or absence of donor-imposed restrictions. Preble Street and Subsidiary is also required to provide the following disclosures relating to its endowment activities.

Interpretation of Relevant Law - Investments for all net asset classes are stated at fair value. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Maine Legislature, the Organization has interpreted state law to require investment return on endowment funds with donor-imposed restrictions that are perpetual in nature to be restricted until appropriated by the Board of Directors. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all net investment return, net investment return on endowment funds with donor-imposed restrictions that are perpetual in nature is available for appropriation and is reported as increases (decreases) in net assets with donor restrictions, in accordance with the donor's stipulations, if any, concerning the purposes for which ordinary income may be used.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

ENDOWMENT, CONTINUED

Absent explicit donor stipulations to the contrary, the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence by UPMIFA. In accordance with UPMIFA, the Organization 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) purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) possible effects of inflation and deflation, (5) expected total return from income and the appreciation of investments, (6) other resources of the Organization, (7) the Organization's investment policies.

Endowment Spending Policy - The responsibility of setting the spending policy for the Board-designated and donor-restricted endowments shall rest with the Executive Committee of the Board of Directors, subject to the approval of the entire Board of Directors. The amount available to help meet the annual operating needs of Preble Street and Subsidiary shall be based upon the following principles:

- No portion of the Board-designated endowment fund will be spent until the value of the pool equals or exceeds \$1,050,000 at the end of the fiscal year.
- Donor-restricted endowment fund agreement mandates that no spending is allowed that would make the value of the investments less than the original corpus amount of \$1,400,000.
- Thereafter, the endowment funds can be spent up to an annual cap calculated at five percent of the average total fund value, as of the end of each of the immediately preceding four fiscal years, net of fees and all other expenses. For purposes of calculating this four-year average, fiscal years before which the net value of the funds was not at \$1,050,000 as of the end of the fiscal year, shall be ignored.
- This is a maximum amount and Preble Street and Subsidiary can elect to spend less should it choose to do so. In fiscal years 2024 and 2023, Preble Street and Subsidiary utilized no funds from its donor-restricted endowment.

There were no distributions made from the Board-designated funds for the years ended June 30, 2024 or 2023, respectively.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. During the years ended June 30, 2024 and 2023, the Organization did not have any underwater endowment funds.

Endowment Investment Policy - The primary objective of Preble Street and Subsidiary's endowment fund is to provide, over time, an increasing flow of real income (as defined by the spending policy) to help support the annual operating budget of Preble Street and Subsidiary. The investment policy is directed toward maximizing such a flow of income, measured in terms of total return balanced against prudent risks, over the long term.

The overall investment philosophy will be moderately conservative, allowing for equity investments but with a relatively low level of risk tolerance. Both equity and fixed income investments will be prudently diversified with

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

ENDOWMENT, CONTINUED

a blend of equities, bonds, and cash being recommended by the investment committee. All long-range investments of the endowment fund will consist of either cash or publicly traded securities.

Preble Street and Subsidiary's endowment balances were comprised of the following at June 30, 2024:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Board-designated	\$ 1,704,908	-	1,704,908
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	1,400,000	1,400,000
Accumulated investment gains	-	1,003,140	1,003,140
Totals	\$ 1,704,908	2,403,140	4,108,048

Changes in Preble Street and Subsidiary's endowment balances for the year ended June 30, 2024 were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Endowment net assets beginning of year	\$ 1,488,548	2,105,912	3,594,460
Investment return (loss), net	216,360	297,228	513,588
Transfers in/(out)	-	-	-
Endowment net assets end of year	\$ 1,704,908	2,403,140	4,108,048

Preble Street and Subsidiary's endowment balances were comprised of the following at June 30, 2023:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Board-designated	\$ 1,488,548	-	1,488,548
Donor-restricted endowments:			
Original donor-restricted gift and amounts required to be maintained in perpetuity	-	1,400,000	1,400,000
Accumulated investment gains	-	705,912	705,912
Totals	\$ 1,488,548	2,105,912	3,594,460

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

ENDOWMENT, CONTINUED

Changes in Preble Street and Subsidiary's endowment balances for the year ended June 30, 2023 were as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Totals</u>
Endowment net assets beginning of year	\$ 1,356,278	1,919,230	3,275,508
Investment return (loss), net	132,270	186,682	318,952
Transfers in/(out)	-	-	-
Endowment net assets end of year	\$ 1,488,548	2,105,912	3,594,460

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

In accordance with FASB ASC 820-10 *Fair Value Measurements and Disclosure*, Preble Street and Subsidiary is required to disclose, for its assets and liabilities measured at fair value on a recurring basis, the sources and types of information, known as inputs, used to determine those fair value measurements. The guidance provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

Level 1: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the asset or liability in which little or no market activity is available for the asset or liability at the measurement date.

The asset or liability's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2024 and 2023.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Preble Street and Subsidiary management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS, CONTINUED

The table below segregates all financial assets and liabilities as of June 30, 2024 and 2023 that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date:

Fair value measurements at June 30, 2024 using:

	<u>Total</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 467,244	467,244
Deferred compensation assets		
Mutual funds	473,446	473,446
Mutual funds	2,642,429	2,642,429
Certificates of deposit	69,131	69,131
Exchange-traded funds	2,293,935	2,293,935
Totals	\$ 5,946,185	5,946,185

Fair value measurements at June 30, 2023 using:

	<u>Total</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 248,580	248,580
Deferred compensation assets		
Mutual funds	372,246	372,246
Mutual funds	2,536,887	2,536,887
Certificates of deposit	409,369	409,369
Exchange-traded funds	1,671,772	1,671,772
Totals	\$ 5,238,854	5,238,854

There were no transfers into or out of any level of assets or liabilities during the years ended June 30, 2024 and 2023.

LINE OF CREDIT

Preble Street and Subsidiary has available a line of credit agreement with a financial institution for a maximum borrowing limit of \$350,000. Interest is payable monthly on all outstanding advances at a rate equal to prime plus 0.5% (equal to 9.00% and 8.75% at June 30, 2024 and 2023, respectively). At June 30, 2024 and 2023, there were no amounts outstanding on this line of credit.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

RIGHT OF USE - OPERATING

Preble Street and Subsidiary holds a number of non-cancelable operating leases. The leases are for the use of office space and equipment, program space including the safe haven and shelter portions of the building that houses Florence House and apartments for the First Place Program, and the use of certain vehicles. The agreements call for monthly rental payments ranging from \$93 to \$8,404 and can be adjusted annually to reflect changes in the related facility's operating expenses. Terms for these leases range from 1 to 30 years. Future minimum rental payments related to these leases amounted to the following at June 30:

<u>For year ending</u>	<u>Total</u>
2025	\$ 196,260
2026	166,842
2027	112,414
2028	100,848
2029	100,848
Thereafter	832,638
Total	1,509,850
Less discount to present value	(182,269)
Less current	(196,260)

<u>Right of use, net of current portion</u>	<u>\$ 1,131,321</u>
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In addition, the Organization holds a number of non-cancelable operating leases that are for a period of 12 months or less and are considered short-term rentals. As such, the Organization has made the election to not include these leases on the statements of financial position. Such leases call for monthly rental payments ranging from \$225 to \$3,800. Future minimum operating lease payments for fiscal year 2024 under these leases amounts to \$124,725. During the years ended June 30, 2024 and 2023, total rent expense incurred by Preble Street and Subsidiary related to all leases amounted to \$622,140 and \$470,574, respectively.

NOTES PAYABLE

On March 9, 2022, the Organization purchased property located at 75 Darling Avenue with a total value of \$4,100,000. This property will be the new site of Preble Street's Food Security Hub. In conjunction with this property purchase, the Organization entered into a ten-year, \$2,000,000 mortgage. The loan bears interest at a rate of 5.01% and requires monthly payments of principal and interest of \$11,777.

The following summarizes the Organization's debt maturities for the years ending June 30:

2025	\$ 47,214
2026	49,634
2027	52,179
2028	54,854
2029	57,666
Thereafter	1,641,975
Total notes payable	1,903,522
Less: current portion	(47,214)
<u>Total notes payable, net of current portion</u>	<u>\$ 1,856,308</u>

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

PAYCHECK PROTECTION PROGRAM

On February 16, 2021, as a result of the negative financial impact of COVID-19, Preble Street and Subsidiary applied for and was granted a loan from KeyBank, in conjunction with the Small Business Administration (SBA) in the aggregate amount of \$1,999,999, pursuant to the Paycheck Protection Program (the “PPP”) under division A, Title I of the Coronavirus Aid, Relief and Economy Security Act (CARES Act), which was enacted in March, 2020. This loan, which was in the form of a note dated February 16, 2021 was scheduled to mature on February 16, 2026 and bore interest at 1.00% per annum, payable in 50 monthly payments of principal and interest commencing January 16, 2022. Funds from the loan could only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization used the entire loan amounts for qualifying expenses. Under the terms of the PPP, certain amounts of the loans could be forgiven if they are used for qualifying expenses as described in the CARES Act. On July 8, 2022, the Organization was informed that the full amount of the loan, and related accrued interest, had been forgiven by the SBA. This released obligation is presented as “SBA PPP loan forgiveness” on the accompanying statement of activities for the year ended June 30, 2023.

PENSION PLAN

Preble Street and Subsidiary participates in a tax deferred investment plan under section 403(b) of the Internal Revenue Code. Eligible employees are able to defer salary and participate in the employer match portion of the plan. Total retirement expense under this plan for the years ended June 30, 2024 and 2023 amounted to \$90,564 and \$76,814, respectively.

During fiscal year 2015, Preble Street and Subsidiary began participating in a retirement plan under Internal Revenue Service Code Section 457(b) for the benefit of each officer of the Organization. The plan stipulates that annual contributions will be made on behalf of each participant in an amount determined at the sole discretion of the Executive Committee of the Board of Directors. Total contributions under this plan amounted to \$64,000 and \$71,000 for the years ended June 30, 2024 and 2023, respectively. Total plan assets and the corresponding retirement plan liability of \$473,446 and \$372,246 as of June 30, 2024 and 2023, respectively, are presented as an asset and an accrued expense in the accompanying consolidated statements of financial position.

COLLECTIVE BARGAINING AGREEMENT

On July 1, 2020, the Organization entered into a Collective Bargaining Agreement (CBA) between Preble Street and Maine Services Employees Association – SEIU, Local 1989, for the period of two years. The CBA covers all full-time, part-time, and regular per diem employees in the following classifications: As needed staff, caseworker, communications assistant, custodial technician, development resource assistant, maintenance technician, housing support staff, kitchen operations assistant, peer support specialist, program administrator, program assistant, receptionist, technology administrator, and team leader. Among other things, on July 1, 2020 the CBA calls for all covered employees to receive a wage increase of 3.5% over the prior year or be brought to the minimum starting rate for their classification, whichever is greater. Effective July 1, 2021, the agreement was amended to provide for all covered employees to receive a wage increase of 2.5% over the prior year, including longevity adjustments which increases their base wages after three (3) or more years of service. This agreement was in effect through April 15, 2022.

A new agreement was entered into for the period of April 15, 2022 through June 30, 2024. This CBA calls for all covered employees to receive a wage increase of 5% over the prior year or be brought to the minimum starting rate for their classification, whichever is greater, during the first year. During the second year, the CBA calls for all covered employees to receive a wage increase of 3.5% over the prior year. Subsequent to year-end a new CBA was entered into.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

CONTINGENCIES

Preble Street and Subsidiary participates in various intergovernmental grant programs that may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Organization's compliance with applicable grant requirements may be established at some future date. The amount, if any, of liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, 2024 and 2023, certain goods and professional services were donated to Preble Street and Subsidiary. The estimated fair values of these goods and professional services totaling \$1,454,260 and \$1,957,296 for 2024 and 2023, respectively, have been reflected in the accompanying consolidated statement of activities as public support with a like amount included in expenses as donated services and goods, food commodities, and food and program expenses. All contributed services were utilized to further the mission of the Organization. In valuing and reporting these services, the Organization estimated fair value in the consolidated financial statements based on current rates for similar services or goods. The following is a breakout of the contributed nonfinancial assets at December 31:

	<u>2024</u>	<u>2023</u>
Services:		
Intern hours	\$ 44,636	74,306
Audit services	3,471	-
Goods:		
Food	1,128,684	1,582,598
Clothing and other miscellaneous items	277,469	300,392
Total contributed nonfinancial assets	\$ 1,454,260	1,957,296

The value of nonprofessional, donated services is not reflected in the accompanying consolidated financial statements as these services do not meet the criteria outlined in FASB ASC 958-605 *Revenue Recognition-Contributions*. However, Preble Street and Subsidiary utilizes in excess of 5,500 nonprofessional volunteers that have donated significant amounts of their time in support of Preble Street and Subsidiary's programs. The estimated fair value of the nonprofessional donated services was \$248,850 and \$10,270 for the years ended June 30, 2024 and 2023, respectively.

OTHER ECONOMIC CONCENTRATIONS AND RISKS

At June 30, 2024 and 2023, approximately 61% and 54%, respectively, of Preble Street and Subsidiary's annual funding, other than in-kind goods and services, is provided through various local, state and federal governmental grants and contracts. Any significant reduction in this funding could affect Preble Street and Subsidiary's ability to fulfill its mission.

As detailed previously, Preble Street and Subsidiary invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES

Net assets with donor restrictions consisted of the following at June 30:

To be held in perpetuity:

	<u>2024</u>	<u>2023</u>
Endowment funds held in perpetuity with income restricted for programs	\$ 1,400,000	1,400,000
Totals	\$ 1,400,000	1,400,000

Subject to Preble Street and Subsidiary's spending policy and appropriation:

Endowment funds with income restricted to programs	\$ 1,003,140	705,912
Totals	\$ 1,003,140	705,912

Subject to appropriation and expenditure when a specified event or time occurs:

Elena's Way	\$ 1,816,285	1,880,578
Health services	100,000	-
38 Preble Street Building and Operating Fund	434,171	380,618
Capital campaign - FSH	250,000	250,000
Capital campaign	1,690,613	1,998,794
Capital campaign - PP&E	1,400,476	623,238
Totals	\$ 5,691,545	5,133,228
Total net assets with donor restrictions	\$ 8,094,685	7,239,140

Included within the 38 Preble Street Building and Operating fund are funds intended to supplement the budget of the Teen Services programs, as needed, in future years.

Board-designated net assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Board-designated quasi endowment	\$ 1,704,908	1,488,548
Totals	\$ 1,704,908	1,488,548

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

RESTRICTIONS AND LIMITATIONS OF NET ASSET BALANCES, CONTINUED

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors were as follows:

Purpose restrictions accomplished:

	<u>2024</u>	<u>2023</u>
Street outreach collaborative	\$ 5,180	106,645
MSHA - Elena's Way	64,293	48,219
Capital campaign - FSH	542,595	474,361
Capital campaign	348,641	3,579,749
Capital campaign – PP&E	-	5,564,465
Veterans services	123,530	11,920
Elena's Way	9,351	62,263
Anti-trafficking	696,252	201,871
Community advocacy	8,283	26,132
Florence House	152,219	36,420
Food programs	429,669	803,049
Health services	-	31,100
Teen Center	183,799	60,874
Huston Commons	41,895	-
Logan Place	43,095	-
Joe Kreisler shelter	35,510	-
Rapid rehousing	15,000	-
Other	13,700	1,340
Totals	\$ 2,713,012	11,008,408

RENTAL INCOME

Preble Street and Subsidiary owns and operates two buildings in Portland, Maine that house Preble Street and Subsidiary's programs as well as various other social welfare programs provided by other nonprofit and governmental agencies. These agencies are tenants-at-will and pay monthly stipends to help support the costs of occupying the facilities. During the years ended June 30, 2024 and 2023, total stipends received amounted to \$13,090 and \$12,540, respectively.

LIQUIDITY AND AVAILABILITY OF RESOURCES

Preble Street and Subsidiary has the following financial assets available within one year of the balance sheet date to meet cash needs for general expenditure:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,666,010	4,326,790
Accounts receivable	191,915	194,159
Grants receivable	2,815,544	3,384,364
Total	\$ 7,673,469	7,905,313

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

LIQUIDITY AND AVAILABILITY OF RESOURCES, CONTINUED

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Grants receivable are subject to implied time restrictions but are expected to be collected within one year.

Preble Street and Subsidiary's endowment funds consist of donor-restricted endowments and Board-designated quasi-endowment. As described in the "Endowment" footnote, Preble Street and Subsidiary's Board of Directors has adopted an endowment spending policy under which the endowment funds can be spent up to an annual cap calculated at five percent of the average total fund value, as of the end of each of the immediately preceding four fiscal years, net of fees and all other expenses.

Preble Street and Subsidiary has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in the "Line of Credit" note, Preble Street and Subsidiary has a committed line of credit which it could draw upon in the event of an unanticipated liquidity need. Additionally, although Preble Street and Subsidiary does not intend to spend from its quasi-endowment fund other than amounts appropriated for general expenditure as part of its annual distribution, amounts from its quasi-endowment funds could be made available if necessary.

METHOD USED FOR ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include salaries, payroll taxes and employee benefits. Each of these expenses are allocated monthly based on FTEs at month-end, and a percentage of time spent across functional categories. Professional fees, office supplies, telephone, postage, staff development, occupancy, printing, travel, and other, are allocated based on direct expenses plus a monthly allocation of overhead costs.

LIMITED LIABILITY COMPANY

On November 11, 2019, Preble Street formed and became the sole member of a limited liability company named "55 Portland Preble Street, LLC" (the Company). Preble Street owns a 100% interest in the Company, and also serves as the manager of the Company. The Company was formed for the purpose of owning and managing real estate, and any other business, as permitted by Maine law, and as approved by the sole member (Preble Street).

REVENUE RECOGNITION

During the years ended June 30, 2024 and 2023, the Organization had contract revenue consisting of the following:

	<u>2024</u>	<u>2023</u>
Fee for service	\$ 1,808,085	1,060,475
Rental income	13,090	12,540
<u>Total contract revenue</u>	<u>\$ 1,821,175</u>	<u>1,073,015</u>

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

REVENUE RECOGNITION, CONTINUED

At June 30, 2024 and 2023 the Organization had contract assets consisting of accounts receivables in the amount of \$13,221 and \$29,330, respectively, all of which pertained to fee for service revenue. For each of the years ended June 30, 2024 and 2023, the Organization had no contract liabilities. For each of the years ended June 30, 2024 and 2023, goods and services provided to customers included access to services, and access to rental units. To best match the timing of the transfer of goods or services, the Organization recognizes revenue from contracts with customers when performance obligations are satisfied, which is at the time services are provided for fee for service income and monthly for rental income. All prices are fixed and there are no financing terms. There are no significant warranties of return, refund, or discount obligations related to any contracts with customers. For each of the years ended June 30, 2024 and 2023, the greatest economic factor effecting contract revenue has been the state of the economy and inflation.

Contract transaction prices, such as fees for services and rental rates, include management's judgment of variable consideration, which includes incentives and rebates. Based on available information, management must include an estimate of any variable consideration, if applicable, when determining the contract transaction price. There were no such variable considerations in determining contract transaction prices.

RESTRICTED GRANT FUNDS USED TO PURCHASE LONG-LIVED ASSETS

During fiscal year 2022, the Organization undertook the renovation of the former Resource Center and converted it into Elena's Way, a low-barrier, 24-hour shelter for up to 40 clients, with staff and services on site, to ensure warmth, safety, and intensive services for up to 40 people of all genders experiencing homelessness and complex physical and behavioral health needs who cannot access any other shelter. The shelter opened in the fall of 2022.

In conjunction with this renovation, the Organization used certain federal grant funds to purchase real property which has been subsequently converted into a transitional housing facility. The amount of such grant funding was \$1,928,797. As the underlying grant agreement requires the facility to be used for a certain stated purpose for a minimum of 30 years, the net assets arising from this grant have been classified as net assets with donor restrictions that are temporary in nature, and will be reclassified as net assets without donor restrictions over the required term of the specified use noted above, in accordance with accounting principles generally accepted in the United States of America. For the year ended June 30, 2024, the amount of such reclassification was \$64,293, leaving a balance of \$1,816,285 included in net assets with donor restrictions that are temporary in nature at June 30, 2024. For the year ended June 30, 2023, the amount of such reclassification was \$48,219, leaving a balance of \$1,880,578 included in net assets with donor restrictions that are temporary in nature at June 30, 2023.

SUBSEQUENT EVENTS

In accordance with FASB ASC 855-10 *Subsequent Events*, management has evaluated subsequent events for possible recognition or disclosure through March 25, 2025, which is the date these consolidated financial statements were available to be issued.

Subsequent to year-end, the Organization entered into a new CBA agreement for the period of July 1, 2024 through June 30, 2027.

PREBLE STREET AND SUBSIDIARY
Notes to Consolidated Financial Statements, Continued
June 30, 2024 and 2023

SUBSEQUENT EVENTS, CONTINUED

In January 2025, the new Presidential administration in Washington, D.C. issued an executive order to freeze all federal grants and other spending. Although the freeze was quickly blocked by a Federal Judge through a temporary restraining order, there have been many examples across the country of federal funds that were still being withheld. As this issue works its way through the courts, the Organization could experience a temporary loss of funding in the event any of its supporting federal agencies withhold or delay funding. However, the effects of this potential funding shortfall are not determinable at this time.

Subsequent to year-end, on February 2nd, 2025 Preble Street took over the operations of the Hope House shelter portion of the Hope House Health and Living Center (Hope House), which is located in Bangor, Maine. The Penobscot Community Health Care (PCHC) will continue to run the remaining operations of the Hope House health and Living Center. The City of Bangor owns the property, and the building is owned PCHC, thus no mortgage or loans were obtained as a result of this. Preble Street has entered into lease with PCHC to use the shelter space. The overall goal of this acquisition is to be keep the shelter open, able to widen the reach of the Organization and expand the individuals that can be helped through the Organization's mission.