

GOOD WORKS, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**YEARS ENDED
MARCH 31, 2025 and MARCH 31, 2024**

(See Independent Auditors' Report)

TABLE OF CONTENTS

Independent Auditors' Report	2-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-26
Supplemental Information	
Schedule of Expenses - Housing Trust Partnership	28
Report on Internal Control and Compliance	29-30



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Independent Auditors' Report

To the Board of Directors
Good Works, Inc.
Coatesville, Pennsylvania

Opinion

We have audited the accompanying financial statements of Good Works, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025 and 2024, and the related statements of activities and cash flows for the year 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 Good Works, Inc. as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Good Works, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Good Works, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Good Works, Inc. '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 Good Works, Inc. 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenses-Housing Trust Partnership as required by the County of Chester, Department of Community Development is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2024, on our consideration of Good Works' 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 solely 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 Good Works' 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 Good Works' internal control over financial reporting and compliance.

Bee, Bergvall & Company, P.C.
Certified Public Accountants

Warrington, PA
June 26, 2025

GOOD WORKS, INC.

Statements of Financial Position

March 31, 2025 and 2024

	March 31, <u>2025</u>	March 31, <u>2024</u>
Assets		
Cash and cash equivalents	\$ 1,039,963	\$ 889,727
Cash and cash equivalents-with donor restrictions	<u>16,880</u>	<u>16,083</u>
Total cash and cash equivalents	1,056,843	905,810
Short-term investments-certificates of deposit	62,126	59,375
Housing costs receivable	53,265	24,434
Accounts receivable	73,693	-
Rents receivable	-	3,957
Inventory	5,870	5,700
Prepaid expenses	17,645	15,518
Long-term investments-certificates of deposit	-	-
Long-term investment-endowment	396,850	375,869
Property and equipment:		
Land	69,750	69,750
Office building and warehouse	410,064	410,064
Office and warehouse improvements	228,127	170,937
Computers, furniture and equipment	132,916	132,916
Trucks	210,209	210,209
Accumulated depreciation	(551,174)	(533,629)
Operating lease right-of-use assets, net	<u>11,565</u>	<u>22,008</u>
TOTAL ASSETS	<u>\$ 2,177,749</u>	<u>\$ 1,872,918</u>
Liabilities		
Accounts payable	\$ 107,400	\$ 19,575
Security deposits - rentals	2,950	2,950
Deferred rental income	200	200
Accrued expenses and taxes	45,132	39,293
Refundable advance	445,148	385,899
Operating lease payable right-of-use assets	<u>13,787</u>	<u>24,940</u>
Total Liabilities	<u>614,617</u>	<u>472,857</u>
Net Assets		
Without donor restrictions		
Undesignated	753,581	671,793
Board designated - general reserve	319,502	319,502
Board designated - other	10,000	10,000
With donor restrictions		
Other	66,319	6,814
Endowment	<u>413,730</u>	<u>391,952</u>
Total Net Assets	<u>1,563,132</u>	<u>1,400,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,177,749</u>	<u>\$ 1,872,918</u>

See independent auditors' report and
accompanying notes to the financial statements

GOOD WORKS, INC.

Statements of Activities

For the Years Ended March 31, 2025 and 2024

	<u>Year Ended March 31, 2025</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support			
Contributions			
Business/social organizations	\$ 79,517	\$ -	\$ 79,517
Churches/schools	84,606	6,972	91,578
Foundation and grants	264,500	-	264,500
Individuals	538,386	100,000	638,386
Housing trust/Human services	-	253,831	253,831
Whole Home Repair	-	441,720	441,720
Contributions of nonfinancial assets			
Development	211,499	-	211,499
Program fees			
Work camp application fees	50,400	-	50,400
Celebration dinner	7,807	-	7,807
Special event revenue	232,017	-	232,017
Less: direct costs of special event	(10,635)	-	(10,635)
Interest and dividend income	24,760	9,851	34,611
Gross rental income	42,650	-	42,650
Realized gain (loss) on sale of truck & equipment	-	-	-
Realized gain (loss) on investments	-	6,309	6,309
Unrealized gain on investments	-	9,129	9,129
Total Revenues and Support	<u>1,525,507</u>	<u>827,812</u>	<u>2,353,319</u>
Net assets released from restrictions	<u>746,529</u>	<u>(746,529)</u>	<u>-</u>
Total	<u>2,272,036</u>	<u>81,283</u>	<u>2,353,319</u>
Expenses			
Program services			
Home repair	1,795,955	-	1,795,955
Work camp	36,585	-	36,585
Celebration dinner	7,637	-	7,637
Total Program Services	<u>1,840,177</u>	<u>-</u>	<u>1,840,177</u>
Supporting services			
General and administrative	217,323	-	217,323
Resource development	132,748	-	132,748
Total Expenses	<u>2,190,248</u>	<u>-</u>	<u>2,190,248</u>
Increase (decrease) in net assets	81,788	81,283	163,071
Net assets at beginning of period (restated)	<u>1,001,295</u>	<u>398,766</u>	<u>1,400,061</u>
Net assets at end of period	<u>\$ 1,083,083</u>	<u>\$ 480,049</u>	<u>\$ 1,563,132</u>

	<u>Year Ended March 31, 2024</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenues and Support			
Contributions			
Business/social organizations	\$ 43,383	\$ -	\$ 43,383
Churches/schools	118,668	4,014	122,682
Foundation and grants	225,500	-	225,500
Individuals	620,167	-	620,167
Housing trust/Human services	-	129,434	129,434
Whole Home Repair	-	240,363	240,363
Contributions of nonfinancial assets			
Development	202,600	-	202,600
Program fees			
Work camp application fees	65,625	-	65,625
Celebration dinner	5,025	-	5,025
Special event revenue	189,438	-	189,438
Less: direct costs of special event	(14,229)	-	(14,229)
Interest and dividend income	14,169	10,305	24,474
Gross rental income	42,900	-	42,900
Realized gain (loss) on sale of truck & equipment	6,750	-	6,750
Realized gain (loss) on investments	-	2,003	2,003
Unrealized gain (loss) on investments	-	44,935	44,935
Total Revenues and Support	<u>1,519,996</u>	<u>431,054</u>	<u>1,951,050</u>
Net assets released from restrictions	<u>407,442</u>	<u>(407,442)</u>	<u>-</u>
Total	<u>1,927,438</u>	<u>23,612</u>	<u>1,951,050</u>
Expenses			
Program services			
Home repair	1,516,303	-	1,516,303
Work camp	30,034	-	30,034
Celebration dinner	7,614	-	7,614
Total program services	<u>1,553,951</u>	<u>-</u>	<u>1,553,951</u>
Supporting services			
General and administrative	172,148	-	172,148
Resource development	150,208	-	150,208
Total expenses	<u>1,876,307</u>	<u>-</u>	<u>1,876,307</u>
Increase (decrease) in net assets	51,131	23,612	74,743
Net assets at beginning of period	<u>950,164</u>	<u>375,154</u>	<u>1,325,318</u>
Net assets at end of period	<u>\$ 1,001,295</u>	<u>\$ 398,766</u>	<u>\$ 1,400,061</u>

See independent auditors' report and
accompanying notes to financial statements

GOOD WORKS, INC.

Statements of Functional Expenses

For the Years Ended March 31, 2025 and 2024

	<u>Year Ended March 31, 2025</u>			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Resource Development</u>	<u>Total</u>
Compensation and Related Expenses				
Salaries	\$ 491,683	\$ 109,263	\$ 81,947	\$ 682,893
Employee benefits	30,320	6,738	5,053	42,111
Payroll taxes	38,400	8,533	6,400	53,333
Total	560,403	124,534	93,400	778,337
Depreciation	40,623	4,416	1,109	46,148
Dues and fees	20,435	2,832	-	23,267
Functions-celebration dinner	7,637	-	-	7,637
Homeowners outreach	1,482	-	-	1,482
Insurance	56,038	11,208	12,809	80,055
Interest expense	803	-	-	803
Major project expense	267,143	-	-	267,143
Office expense and supplies	12,292	7,855	2,853	23,000
Permit	1,559	-	-	1,559
Postage and shipping	838	464	195	1,497
Professional services	371,670	57,773	-	429,443
Program expenses	10,032	-	-	10,032
Promotional fees	13,507	-	14,768	28,275
Real estate taxes	5,295	2,604	781	8,680
Rent and utilities	14,847	2,828	5,656	23,331
Repairs and maintenance	23,409	2,557	1,072	27,038
Seminars and training	126	70	29	225
Small tools and equipment	6,026	-	-	6,026
Supplies-building materials	329,686	-	-	329,686
Telephone and internet	12,742	-	-	12,742
Trash removal	25,924	-	-	25,924
Transportation and travel	17,055	182	76	17,313
Volunteer recognition	4,020	-	-	4,020
Work camp expense	36,585	-	-	36,585
Total Expenses	<u>\$ 1,840,177</u>	<u>\$ 217,323</u>	<u>\$ 132,748</u>	<u>\$ 2,190,248</u>

	<u>Year Ended March 31, 2024</u>			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Resource Development</u>	<u>Total</u>
Compensation and Related Expenses				
Salaries	\$ 428,439	\$ 73,447	\$ 110,170	\$ 612,056
Employee benefits	39,397	4,103	3,959	47,459
Payroll taxes	<u>33,602</u>	<u>5,760</u>	<u>8,641</u>	<u>48,003</u>
Total	501,438	83,310	122,770	707,518
Depreciation	44,416	4,828	1,213	50,457
Dues and fees	19,083	2,729	-	21,812
Functions-celebration dinner	7,614	-	-	7,614
Homeowners outreach	1,407	-	-	1,407
Insurance	41,467	8,483	9,687	59,637
Interest expense	113	-	-	113
Major project expense	128,379	-	-	128,379
Office expense and supplies	12,716	7,181	3,056	22,953
Permit	878	-	-	878
Postage and shipping	1,503	316	1,442	3,261
Professional services	416,154	57,773	-	473,927
Program expenses	4,426	-	-	4,426
Promotional fees	10,186	-	5,717	15,903
Real estate taxes	5,314	2,627	769	8,710
Rent and utilities	20,342	526	600	21,468
Repairs and maintenance	24,457	1,907	1,141	27,505
Seminars and training	-	120	-	120
Small tools and equipment	550	-	-	550
Supplies-building materials	230,805	-	-	230,805
Telephone and internet	3,813	1,907	3,813	9,533
Trash removal	27,265	-	-	27,265
Transportation and travel	16,406	440	-	16,846
Volunteer time	5,186	-	-	5,186
Work camp expense	<u>30,034</u>	<u>-</u>	<u>-</u>	<u>30,034</u>
Total Expenses	<u>\$ 1,553,951</u>	<u>\$ 172,148</u>	<u>\$ 150,208</u>	<u>\$ 1,876,307</u>

See independent auditors' report and
accompanying notes to financial statements

GOOD WORKS, INC.

Statements of Cash Flows

For the Years Ended March 31, 2025 and 2024

	<u>Year Ended</u> <u>March 31, 2025</u>	<u>Year Ended</u> <u>March 31, 2024</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 163,071	\$ 74,743
Adjustments to reconcile change in net assets to net cash provided (utilized) by operating activities:		
Depreciation	46,148	50,457
(Gain) on the sales of property and equipment	-	(6,750)
Reduction in the carrying amount of right to use assets-operating leases	(710)	127
Changes in operating accounts		
(Increase) decrease in housing costs receivable	(28,831)	(24,434)
(Increase) decrease in accounts receivable	(73,693)	-
(Increase) decrease in rents receivable	3,957	(957)
(Increase) decrease in inventory	(170)	1,000
(Increase) decrease in prepaid expenses	(2,127)	2,191
Increase (decrease) in accounts payable	87,825	(12,546)
Increase (decrease) in accrued expenses and taxes	5,839	16,418
Increase (decrease) in Refundable advance	59,249	385,899
Interest and dividend income on long-term investment - endowment	(9,851)	(10,305)
Realized (gain) on long-term investment - endowment	(6,309)	(2,003)
Unrealized loss (gain) on long-term investment - endowment	(9,129)	(44,935)
Other investing	(1,954)	65
Distribution on long-term investment - endowment	2,027	1,881
Management fee on long-term investment - endowment	1,484	1,284
Net cash provided (utilized) by operating activities	<u>236,826</u>	<u>432,135</u>
Cash Flows from Investing Activities		
Purchase of property and equipment - net	(85,793)	(6,060)
Proceeds from the sale of property and equipment	-	6,750
Net cash provided (utilized) by investing activities	<u>(85,793)</u>	<u>690</u>
Net increase (decrease) in cash and cash equivalents	151,033	432,825
Cash and cash equivalents at beginning of period	<u>905,810</u>	<u>472,985</u>
Cash and cash equivalents at end of period	<u>\$ 1,056,843</u>	<u>\$ 905,810</u>
Cash paid for interest	<u>\$ 803</u>	<u>\$ 113</u>

See independent auditors' report and
accompanying notes to financial statements

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 1. Nature of the Organization

Organization and Funding: Good Works, Inc. was incorporated in Pennsylvania on June 8, 1988, as a nonprofit corporation. The purpose and mission of the Organization is to transform lives, by repairing homes for low-income families and sharing the hope found in Jesus Christ. The vision is to eliminate substandard housing in Chester County. Most of the labor is provided by volunteers under the supervision of a construction contractor or repair supervisor. The Organization is funded through contributions and grants from individuals, organizations, and churches, including the County of Chester and the State of Pennsylvania. The Organization's headquarters is located in Coatesville, PA and they are a member of the Pennsylvania Association of Nonprofit Organization (PANO).

Exempt Status: Good Works, Inc. was established to be, and has received confirmation that it is, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law. The Organization is required to file Federal and State information returns. Contributions to the Organization are tax deductible within the limitations prescribed by the Code.

NOTE 2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation: Financial statement presentation follows accounting principles generally accepted in the United States of America, in which the Organization is required to report information regarding their financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations, but do include those that are designated by actions of the Board.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation: (continued)

Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed stipulations that may, or will be met, by actions of the Organization and/or the passage of time or those subject to donor-imposed stipulations that they be maintained in perpet by the Organization. When a restriction expires because of the actions of the Organization and/or the passage of time, the net asset is reclassified to those without donor restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates: The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain amounts for the year ended March 31, 2024, have been reclassified to conform with the year ended March 31, 2025, presentations.

Cash and Cash Equivalents: The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents including money market accounts.

Short-term Investments: The short-term investments consist of certificates of deposits maturing in one year or less.

Housing Costs Receivable: The Organization has a grant agreement with the County of Chester, the Department of Community Development, which provides funding for homeowner repair activities. The contract term was January 1, 2024 through December 31, 2024, and the contract amount was \$105,000. At March 31, 2024 \$24,434 was due to the Organization from the grant.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Housing Costs Receivable: (continued)

The grant was subsequently applied for and renewed with a contract term of January 1, 2025 through December 31, 2025, and the contract amount was \$85,000. At March 31, 2025 the amount due to the Organization from the 2025 grant was \$53,265, and has been reflected in the statement of financial position as housing cost receivable. Any amounts to be expended are restricted in their use and specific application is made periodically during the year. There are no existing circumstances which require an allowance to be recorded.

Rents Receivable: The rents receivable at March 31, 2025 and March 31, 2024, represents rent due from one business tenant.

Inventory: The inventory represents building materials and supplies and is stated at the lower of cost or market using the first-in, first-out (FIFO) method.

Prepaid Expenses: Insurance and rental costs are expensed in the current contract period. Accordingly, insurance expenditures for future contract periods and rents paid in advance are included in prepaid expenses. Other expenses like real estate taxes and health insurance are expensed in the period that they apply to.

Long-term Investments - Good Works: Long term investments - Good Works consisted of the following:

	<u>2025</u>	<u>2024</u>
Mutual Funds	\$ <u>283,322</u>	\$ <u>265,875</u>
Total	\$ <u><u>283,322</u></u>	\$ <u><u>265,875</u></u>

As of March 31, 2025 and 2024, the long term investments are held in an endowment fund, which is restricted.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Long-Term Investment - Endowment: The Board has established two endowment funds with donor restrictions in perpetuity for the purpose of providing future investment revenues available for organizational spending. The first fund has been invested with the Chester County Community Foundation. Distributions from the fund may be requested by the Organization prior to the June 30 fiscal year end for up to 5% of the fund balance. Distributions from the fund can be unrestricted or temporarily restricted depending on the nature of any donor restrictions on the contributions. At March 31, 2025 and 2024, there were no donor restrictions. There were distributions of \$2,027 and \$1,881 during the years ended March 31, 2025 and 2024, respectively, which were used for unrestricted, undesignated purposes. The Foundation charges a management fee of 1% of the average annual asset value. The fund is separated into two parts. The first part is amounts that Good Works, Inc. remits to the Community Foundation. The second part is amounts contributed by donors directly to the Foundation. Although from a legal perspective all endowed funds held by the Community Foundation are legally the property of the Community Foundation, the accounting recognition is different for each part as provided for by the Endowments for Not for Profit Organizations of the FASB Standards Codification. The funds contributed directly by the Organization are recorded on the books as a contribution and as a corresponding long-term asset with donor restrictions in perpetuity while the Community Foundation records the same amount as an agency fund liability. Funds contributed by donors directly to the Community Foundation are not recognized by Good Works, Inc., but are recognized by the Community Foundation as an asset. At March 31, 2025 and 2024, the amounts recognized by the Organization as a long-term asset with donor restrictions were \$40,682 and \$39,968, respectively. At March 31, 2025 and 2024, the amounts recognized by the Community Foundation as an asset were \$31,275 and \$30,726, respectively. Long-term investments are carried at market value.

The second fund is currently invested with an investment company. The fund was established in July 2008 to be used specifically for operations. Percentage distributions from the fund will be established by the Board on an annual basis and will be calculated using a five year average market value as of December 31st of each year. If the fund has not been invested for five years, the calculation will be based on invested months. The average fair market value must exceed the minimum threshold as established by the Board in order for a distribution to be made.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Long-Term Investment - Endowment: (continued)

The Board has also established a quasi-endowment fund with donor restrictions for the purpose of providing support to the non-profit operating, program and capital needs of the Organization. The funds have been invested with the Chester County Community Foundation and consists of three parts: an endowed component, the quasi-endowed component, and the provisional component. Absent such instruction by the donor, these irrevocable contributions will be added to the quasi-endowed component. Within 12 months following the end of the Foundation's fiscal year end (6/30), the Fund Advisors may request that up to 20% of the year end asset value of the quasi-endowed component of this fund be distributed to fulfill the purpose of this fund. Any gifts to the Foundation received and accepted subject to a donor's condition or restriction, will have such restrictions honored subject to the judgement of the authority of the Foundation's Board of Directors regarding the nature of the restriction.

Interpretation of Relevant Law: The Board of Directors of the Organization have interpreted the law as requiring any donor-restricted contributions as being classified as unrestricted, with donor restrictions, or restricted in perpetuity depending on the nature of the restriction. 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) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment Net Asset Composition consisted of the following as of March 31, 2025 and 2024:

<u>Endowment Fund Type</u>	<u>March 31,</u> <u>2025</u>	<u>March 31,</u> <u>2024</u>
Endowment-Community Foundation	\$ 40,682	\$ 39,968
Endowment-Good Works	300,202	281,959
Endowment-Quasi-Community Foundation	<u>72,846</u>	<u>70,025</u>
Total	<u>\$ 413,730</u>	<u>\$ 391,952</u>

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Interpretation of Relevant Law: (continued)

Changes in endowment net assets for the fiscal year ended March 31, 2025:

	Endowment <u>County</u>	Endowment <u>Good Works</u>	Endowment <u>Quasi</u>	<u>Total</u>
Beginning balance	\$ 39,968	\$ 281,959	\$ 70,025	\$ 391,952
Interest and dividend income	957	7,032	1,862	9,851
Realized gains (losses)	2,698	-	3,610	6,308
Unrealized gains (losses)	(363)	11,211	(1,718)	9,130
Management fee	(551)	-	(933)	(1,484)
Distributions	(2,027)	-	-	(2,027)
Ending Balance	<u>\$ 40,682</u>	<u>\$ 300,202</u>	<u>\$ 72,846</u>	<u>\$ 413,730</u>

Changes in endowment net assets for the fiscal year ended March 31, 2024:

	Endowment <u>County</u>	Endowment <u>Good Works</u>	Endowment <u>Quasi</u>	<u>Total</u>
Beginning balance	\$ 36,455	\$ 237,612	\$ 63,807	\$ 337,874
Interest income	864	7,583	1,858	10,305
Realized gains (losses)	965	-	1,038	2,003
Unrealized gains (losses)	3,990	36,764	4,181	44,935
Management fee	(425)	-	(859)	(1,284)
Distributions	(1,881)	-	-	(1,881)
Ending Balance	<u>\$ 39,968</u>	<u>\$ 281,959</u>	<u>\$ 70,025</u>	<u>\$ 391,952</u>

Return Objectives and Risk Parameters: The Organization's investment and spending practices for endowment assets attempt to provide maximum growth without high risk and is at the discretion of the Board of Directors. The Organization's practice is to preserve the integrity of the principal from designated donations.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization's goal is for the board designated endowment funds to produce income, meet future contingencies and provide for organizational spending.

Property and Equipment: Expenditures or donated fixed assets in excess of \$2,500 are capitalized at cost and fair value respectively. Depreciation expense for the years ended March 31, 2025 and 2024, was \$46,148 and \$50,457, respectively, and was computed on the MACRS method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office building, warehouse and improvements	39 years
Computer equipment and trucks	5 years
Furniture and equipment	7 years

Under (Topic 842) *Leases* the Right of Use assets are as follows:

	<u>2025</u>	<u>2024</u>
Right-of-Use asset	\$ 52,215	\$ 52,215
Less: Accumulated amortization	<u>(40,650)</u>	<u>(30,207)</u>
Net Asset	<u>\$ 11,565</u>	<u>\$ 22,008</u>

Deferred Rental Income: There was \$200 of deferred rental income for the year ended March 31, 2025, and \$ 200 for the year ended March 31, 2024.

Net Assets/Contributions: Unrestricted amounts are those currently available at the discretion of the Board for use in the Organization's ministries and those resources invested in property and equipment. All contributions are considered for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Separate receipts are issued for each contribution. The Board designated reserve represents funds set aside for general and emergency purposes.

The other Board designated amounts represent non budgeted amounts set aside from the unrestricted, undesignated funds for various purposes pursuant to written Board motions. The restricted net assets represent contributions for the next fiscal year, rent assistance, outreach, endowment funds invested with the Chester County Community Foundation and the in house Good Works Endowment and Quasi-Endowment funds.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Availability of Financial Assets: The Organization is substantially supported by restricted contributions. Because a donor's restrictions requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has policies to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. There are three specific policies that are employed. The first policy is a Board designated operating reserve with the goal of having the balance consist of cash and cash equivalents, without donor restrictions, plus short-term and long-term investments be equaling 12.5% of the approved budget. Currently the reserve is equal to 27% of the approved budget. The second policy includes the periodic investing of cash in excess of daily requirements in short-term and long-term investments. The third policy is the establishment of the quasi-endowment fund which is available to draw upon in the event of liquidity needs.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated from the board designated operating reserve of \$319,502 and \$319,502 for the years ended March 31, 2025 and 2024, respectively, for general expenditures within one year off the balance sheet date, have not been subtracted as unavailable:

	March 31, <u>2025</u>	March 31, <u>2024</u>
Financial assets, at year end - Cash and cash equivalents	\$ 1,056,843	\$ 905,810
Financial assets, at year end - Short-term investments	62,126	59,375
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restrictions:		
Refundable advance	(445,148)	(385,899)
	<u>\$ 673,821</u>	<u>\$ 579,286</u>

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Revenue and Support Recognition: Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Revenues are reported as increases in Net Assets Without Donor Restrictions unless the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in Net Assets Without Donor Restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in Net Assets Without Donor Restrictions unless their use is restricted by explicit donor stipulation or by law.

The Organization receives revenue from a variety of revenue streams. The policy for material revenue streams is discussed below:

- The Organization recognizes contributions when cash, securities or other assets and unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Conditional promises to give that are received before the barrier and right of return conditions have been met are recorded as a refundable advance.
- Special event revenues are recorded equal to the direct benefit to donors and contribution income for the excess received when the event takes place.
- Program service fees received in advance is deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.
- Rental income is recognized to the applicable period in which the service is provided.

Leases: The Organization determines if an arrangement is, or contains, a lease at its inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Expenses: Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Fair Value of Financial Instruments: The Organization follows Fair Value Measurements as required by the FASB Standards Codification, which defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. It applies to other pronouncements that require or permit fair value but does not require any new fair value measurements. The codification defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

The Codification establishes a fair value hierarchy to increase consistency and comparability in fair value measurements and disclosures. The hierarchy is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets. The highest possible level should be used to measure fair value.

The Codification requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

The following table represents the Organization's fair value hierarchy for those investments, excluding money market funds, measured at fair value on a recurring basis as of March 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment				
Certificates of Deposit	\$ 62,126	\$ -	\$ -	\$ 62,126
Mutual Funds	283,322	-	-	283,322
Quasi Endowment	-	72,846	-	72,846
CCCF Endowment	-	40,682	-	40,682
Total Investments	<u>\$ 345,448</u>	<u>\$ 113,528</u>	<u>\$ -</u>	<u>\$ 458,976</u>

As of March 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment				
Certificates of Deposit	\$ 59,375	\$ -	\$ -	\$ 59,375
Mutual Funds	265,875	-	-	265,875
Quasi Endowment	-	70,026	-	70,026
CCCF Endowment	-	39,968	-	39,968
Total Investments	<u>\$ 325,250</u>	<u>\$ 109,994</u>	<u>\$ -</u>	<u>\$ 435,244</u>

Long Term Investments: In accordance with accounting principles generally accepted in the United States of America, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their quoted fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Donated investments are reflected as contributions at their market values at the date of receipt. Interest and dividend earnings, realized gains and losses, and unrealized gains and losses are reported as investment income. The market values of investments are based on quoted market prices for those or similar investments. The carrying amounts reported in the statements of financial position are stated at market value.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 2. Summary of Significant Accounting Policies (Continued)

Accounting for Uncertainty in Income Taxes: As required by the FASB Accounting Standards Codification, entities are required to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. It also provides guidance on the recognition, measurement, and classification of income tax uncertainties, along with any related interest or penalties. This standard had no impact on the Organization's financial statements. The Organization's federal tax return is subject to audit by taxing authorities. The Organization's returns open audit periods are for the fiscal years ending March 31, 2022 - 2024.

Subsequent Events: The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 3. Contributed Nonfinancial assets

Donated skilled services, materials and food are reflected as contributions in the accompanying financial statements at their estimated values at the date of service or receipt. The respective expenses or assets are recorded simultaneously. The nonfinancial contributions for the years ended March 31, 2025 and 2024, did not have donor-imposed restrictions, and are as follows:

	<u>2025</u>	<u>2024</u>
Professional services	\$ 161,070	\$ 168,100
Supplies - building materials	<u>50,429</u>	<u>34,500</u>
 Total	 <u>\$ 211,499</u>	 <u>\$ 202,600</u>

The skilled services by professional contractors, building materials and food were utilized in the renewal and revitalization of residential properties, including group workdays. The shed and building was utilized for the storage of building materials and supplies the same purposes.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 3. Contributed Nonfinancial assets (Continued)

A significant portion of the Organization's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition under the Revenue Recognition topic of the FASB Standards Codification. The Organization had approximately 32,303 volunteer hours during the year which included time for work days, work camp, and administrative.

NOTE 4. Leases

Warehouse Storage Space: The Organization has a lease for warehouse storage space on a month-to-month basis. The lease calls for payments of \$800 per month or \$9,600 annually, which represents the approximate fair value of similar property in the area. Accordingly, there are no future minimum annual lease payments for that warehouse lease. Rent expense for the warehouse storage space for the years ended March 31, 2025 and 2024, was \$9,950 and \$9,850, respectively.

Operating leases right of use assets: The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these lease. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023, was 5%. The Organization's operating leases consist of a warehouse and office equipment.

Future maturities of lease liabilities are presented in the following table:

<u>Year</u>	<u>Amount</u>
2026	\$ 12,075
2027	<u>1,711</u>
	<u>\$ 13,786</u>

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 5. Retirement Plan

In 1996, the Organization established a custodial type retirement plan pursuant to Internal Revenue Code 403(b)(7) in order to provide retirement benefits for their employees. All employees are eligible to make salary reduction contributions starting at their hiring date. To be eligible for employer contributions each employee must be on the payroll as of January 1 and be scheduled to work 1,040 hours during the year and have been employed for at least six months. There are no years of service requirements or waiting period. There is no age requirement. During each plan year, which runs from January 1 through December 31, the Organization makes contributions to the plan throughout the year, equal to 3.5% of eligible participants' salaries. Participants can elect to defer a percentage of their salary according to Internal Revenue Code regulations. The Organization incurred pension expense of \$21,328 and \$24,487 for the years ended March 31, 2025 and 2024, respectively, the amount of which is included in employee benefits.

NOTE 6. Concentration of Credit Risk

Deposits with Bank: The Organization places its cash balances with high credit quality institutions. At times, such balances may be in excess of the \$250,000 FDIC insurance limits on interest bearing accounts thus exposing the Organization to a loss in the amount of the excess. At March 31, 2025 the Organization had \$555,297 and \$469,939 in excess of FDIC insurance, respectively.

Sources of Funding: Contributions and grants are received from many individuals, organizations and churches, the two largest contributors of which represents approximately 22% of the total revenues and support. Those contributors are the County of Chester, Department of Community Development, as described in Note 2, and the Whole Home Repairs Program grant.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 7. Schedule of Net Assets

	Balance 4/1/2024	Revenues	Transfers In (out)	(Expenses)	Balance 3/31/2025
Undesignated (Restated)	\$ 671,793	\$ 1,525,507	\$ 2,027	\$ (1,445,746)	\$ 753,581
Designated-general reserve	319,502	-	-	-	319,502
Designated-capital/noncapital	10,000	-	-	-	10,000
Total Net Assets Without Donor Restrictions	1,001,295	1,525,507	2,027	(1,445,746)	1,083,083
Paving	-	80,000	-	(80,000)	-
Truck	-	20,000	-	-	20,000
Housing costs-AHP	-	70,000	-	(70,000)	-
Housing costs-Housing Trust	-	133,831	-	(133,831)	-
Housing costs-WHRP	-	441,720	-	(441,720)	-
Housing costs-State	-	50,000	-	(3,681)	46,319
Coatesville homes	2,314	-	-	(2,314)	-
Outreach	3,993	-	-	(3,993)	-
Digital tool box	507	-	-	(507)	-
Endowment-Quasi	70,025	3,754	-	(933)	72,846
Endowment-CCCF	39,968	3,292	(2,027)	(551)	40,682
Endowment-Good Works	281,959	18,243	-	-	300,202
Utilities paid for homeowners	-	6,972	-	(6,972)	-
Total Net Assets With Donor Restrictions	398,766	827,812	(2,027)	(744,502)	480,049
Total Net Assets	\$ 1,400,061	\$ 2,353,319	\$ -	\$ (2,190,248)	\$ 1,563,132

For the year ended, March 31, 2024, \$407,442 was released from restrictions for home repair.

GOOD WORKS, INC.

Notes to Financial Statements

March 31, 2025 and 2024

NOTE 8. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort, as well as occupancy, and depreciation, some of which are allocated on a square footage basis, and some of which are allocated on the basis of estimates of time and effort of individuals using the depreciable assets.

NOTE 9. Conditional Promises to Give

During the year ended March 31, 2024, the Organization received a Whole Home Repairs Program grant that will total \$1,252,520 over several years. Funds are not recognized until the expenses are incurred. For the years ended, March 31, 2025 and 2024, \$501,059 and \$626,260, respectively was received, revenues of \$384,720 and \$240,262, respectively, were recognized when the expenses were incurred and \$445,148 and \$385,899, respectively, is recorded as a refundable advance.

SUPPLEMENTAL INFORMATION

GOOD WORKS, INC.

Schedule of Expenses - Housing Trust Partnership

For the Year Ended March 31, 2025

	Total April 1, 2024 to <u>March 31, 2025</u>
Construction/repair	\$ 122,321
Salary	<u>11,509</u>
Total	<u>\$ 133,830</u>



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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Good Works, Inc.
Coatesville, Pennsylvania

We have audited, in accordance with the 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, the financial statements of Good Works, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Good Works, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Works, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Works, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bee, Bergvall & Company, P.C.
Certified Public Accountants

Warrington, PA
June 26, 2025