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ACCOUNTANTS & CONSULTANTS

WHITE ROCK CENTER OF HOPE, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

OCTOBER 31, 2025 AND 2024

White Rock Center of Hope, Inc.
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October 31, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of White Rock Center of Hope, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of White Rock Center of Hope, Inc. (Hope) which comprise the statements of financial position as of October 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of White Rock Center of Hope, Inc. as of October 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 White Rock Center of Hope, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 White Rock Center of Hope, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 White Rock Center of Hope, 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 White Rock Center of Hope, 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.

SST Accountants & Consultants

SST Accountants & Consultants PLLC

March 26, 2026

White Rock Center of Hope, Inc.
Statements of Financial Position
October 31, 2025 and 2024

ASSETS

	2025	2024
Current Assets		
Cash	\$ 295,795	\$ 328,740
Certificate of deposit	116,179	111,166
Contributions receivable	73,565	62,318
Thrift store sales receivables	4,905	4,290
Investments	2,480	28,713
Inventory	254,921	201,852
Prepaid expenses	30,208	64,842
Total Current Assets	778,053	801,921
Noncurrent Assets		
Property and equipment, net	1,240,837	1,036,667
Finance lease right-of-use asset	4,637	6,181
Total Noncurrent Assets	1,245,474	1,042,848
TOTAL ASSETS	\$ 2,023,527	\$ 1,844,769

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 74,628	\$ 36,861
Finance lease liability, current portion	2,163	1,913
Total Current Liabilities	76,791	38,774
Long-Term Liabilities		
Finance lease liability, net of current portion	-	2,005
Total Long-Term Liabilities	-	2,005
Total Liabilities	76,791	40,779
Net Assets		
Without donor restrictions	1,912,295	1,732,466
With donor restrictions	34,441	71,524
TOTAL NET ASSETS	1,946,736	1,803,990
TOTAL LIABILITIES AND NET ASSETS	\$ 2,023,527	\$ 1,844,769

The accompanying notes are an integral part of these financial statements.

White Rock Center of Hope, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions of cash and other financial assets	\$ 655,240	\$ 159,000	\$ 814,240
Contributions of nonfinancial assets	2,621,618	-	2,621,618
Thrift store sales, net	559,622	-	559,622
Investment loss	(676)	-	(676)
Interest income	14,138	-	14,138
Other income	808	-	808
	<u>3,850,750</u>	<u>159,000</u>	<u>4,009,750</u>
Net assets released from restrictions	196,083	(196,083)	-
Total Revenues and Support	<u>4,046,833</u>	<u>(37,083)</u>	<u>4,009,750</u>
Expenses			
Program services	3,540,533	-	3,540,533
General and administrative	142,416	-	142,416
Fundraising	184,055	-	184,055
Total Expenses	<u>3,867,004</u>	<u>-</u>	<u>3,867,004</u>
Change in Net Assets	179,829	(37,083)	142,746
Net Assets, Beginning of Year	<u>1,732,466</u>	<u>71,524</u>	<u>1,803,990</u>
Net Assets, End of Year	<u>\$ 1,912,295</u>	<u>\$ 34,441</u>	<u>\$ 1,946,736</u>

The accompanying notes are an integral part of this financial statement.

White Rock Center of Hope, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended October 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions of cash and other financial assets	\$ 538,391	\$ 98,980	\$ 637,371
Contributions of nonfinancial assets	2,070,531	-	2,070,531
Government grants	50,000	45,000	95,000
Thrift store sales, net	494,866	-	494,866
Investment return	5,151	-	5,151
Interest income	15,237	-	15,237
Other income	2,477	-	2,477
	<u>3,176,653</u>	<u>143,980</u>	<u>3,320,633</u>
Net assets released from restrictions	112,095	(112,095)	-
Total Revenues and Support	<u>3,288,748</u>	<u>31,885</u>	<u>3,320,633</u>
Expenses			
Program services	2,907,705	-	2,907,705
General and administrative	139,886	-	139,886
Fundraising	156,136	-	156,136
Total Expenses	<u>3,203,727</u>	<u>-</u>	<u>3,203,727</u>
Change in Net Assets	85,021	31,885	116,906
Net Assets, Beginning of Year	<u>1,647,445</u>	<u>39,639</u>	<u>1,687,084</u>
Net Assets, End of Year	<u>\$ 1,732,466</u>	<u>\$ 71,524</u>	<u>\$ 1,803,990</u>

The accompanying notes are an integral part of this financial statement.

White Rock Center of Hope, Inc.
Statement of Functional Expenses
For the Year Ended October 31, 2025

	Program Services	General and Administrative	Fundraising	Total
Client assistance	\$ 2,126,048	\$ -	\$ -	\$ 2,126,048
Salaries and benefits	553,379	87,787	143,739	784,905
Thrift store cost of goods	559,599	-	-	559,599
Occupancy	100,069	2,571	2,571	105,211
Depreciation and amortization	74,808	1,969	1,969	78,746
Telecommunications and database services	35,130	2,628	10,032	47,790
Property and liability insurance	41,835	3,767	1,492	47,094
Professional fees and contract labor	4,622	24,900	-	29,522
Bank and credit card fees	12,256	9,019	3,607	24,882
Supplies and equipment	17,267	2,452	2,452	22,171
Program, staff and volunteer development	9,025	2,119	3,074	14,218
Marketing	-	3,441	7,529	10,970
Dues and subscriptions	851	899	7,590	9,340
Miscellaneous	5,644	458	-	6,102
Interest	-	406	-	406
Total	<u>\$ 3,540,533</u>	<u>\$ 142,416</u>	<u>\$ 184,055</u>	<u>\$ 3,867,004</u>

The accompanying notes are an integral part of this financial statement.

White Rock Center of Hope, Inc.
Statement of Functional Expenses
For the Year Ended October 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Client assistance	\$ 1,672,251	\$ -	\$ -	\$ 1,672,251
Salaries and benefits	492,802	77,089	121,389	691,280
Thrift store cost of goods	494,889	-	-	494,889
Occupancy	88,941	2,284	2,284	93,509
Telecommunications and database services	40,681	4,945	8,475	54,101
Depreciation and amortization	49,907	1,313	1,313	52,533
Property and liability insurance	33,598	3,952	1,231	38,781
Marketing	491	13,696	15,978	30,165
Bank and credit card fees	11,656	8,761	4	20,421
Professional fees and contract labor	-	17,650	-	17,650
Supplies and equipment	13,286	1,917	1,918	17,121
Program, staff and volunteer development	7,300	882	2,375	10,557
Miscellaneous	1,194	6,171	-	7,365
Dues and subscriptions	709	998	1,169	2,876
Interest	-	228	-	228
Total	<u>\$ 2,907,705</u>	<u>\$ 139,886</u>	<u>\$ 156,136</u>	<u>\$ 3,203,727</u>

The accompanying notes are an integral part of this financial statement.

White Rock Center of Hope, Inc.
Statements of Cash Flows
For the Years Ended October 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in Net Assets	\$ 142,746	\$ 116,906
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	78,746	52,533
Donated inventory	(2,614,718)	(2,064,281)
Noncash distributions of inventory	2,561,649	2,038,087
Unrealized loss (gain) on investments	1,991	(4,255)
Reinvested dividends and interest	(5,771)	(5,958)
Gain on sale of property and equipment	-	(2,024)
Changes in operating assets and liabilities:		
Contributions receivable	(11,247)	(62,318)
Thrift store sales receivables	(615)	(3,298)
Prepaid expenses	34,634	(48,562)
Accounts payable and accrued expenses	4,767	8,882
Net Cash Provided (Used in) by Operating Activities	192,182	25,712
Cash Flows From Investing Activities		
Purchase of property and equipment	(248,372)	(127,253)
Proceeds from sale of property and equipment	-	2,800
Proceeds from sale of investments	25,000	-
Net Cash Provided (Used in) by Investing Activities	(223,372)	(124,453)
Cash Flows from Financing Activities		
Principal payments on finance lease liability	(1,755)	(2,148)
Net Cash Provided (Used in) by Financing Activities	(1,755)	(2,148)
Net Change in Cash	(32,945)	(100,889)
Cash, Beginning of Year	328,740	429,629
Cash, End of Year	\$ 295,795	\$ 328,740
Supplemental Cash Flow		
Interest Paid	\$ 6,102	\$ 228
Acquisition of property and equipment via accounts payable	\$ 23,652	\$ -

The accompanying notes are an integral part of these financial statements.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies

The summary of significant accounting policies of White Rock Center of Hope, Inc. (Hope) is presented to assist in understanding the financial statements. The financial statements and notes are representations of Hope's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Organization

Hope is a not-for-profit corporation founded in Texas in 1988 and governed by a board of directors (Board). The mission of Hope is to cultivate hope through basic needs and personalized empowerment. Hope serves this mission by providing indigent individuals and families residing within 5 zip codes of east Dallas with food, clothing, financial assistance with rent, utilities and other basic needs. Voting members of Hope's Board include individuals who are representatives of churches and organizations as well as other individuals who have professional expertise beneficial to the governance of Hope. Hope is primarily supported by donations of goods and services, contributions and grants from individuals, organizations, foundations and churches. Hope also receives revenue from its thrift store.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of Hope and/or the passage of time.

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting Hope to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. As of October 31, 2025 and 2024, no such net asset restrictions existed.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Financial Statement Presentation (Continued)

Gifts of cash and other assets received without donor-imposed restrictions are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor-imposed restrictions. Gifts received with donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restriction is met in the same reporting period in which the gift was received. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash

Hope considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Hope had no cash equivalents at October 31, 2025 and 2024. Hope places cash, which at times may exceed federally insured limits, with high-credit quality financial institutions. Hope has not experienced any losses on such assets.

Certificates of Deposit

Certificates of deposit with maturity dates of three months or more when purchased are valued at amortized cost plus accrued interest. Hope has a certificate of deposit with an interest rate of 4.75%. The certificate of deposit matured in January 2026 and was not renewed.

Contributions Receivable and Promises to Give

Contributions receivable consist of unconditional promises to give from various donors. Management evaluates the contributions receivable for collectability based on due dates and provides an allowance for estimated uncollectible accounts. Hope also receives conditional promises to give which are reimbursement-basis federal awards. Receivables and grant revenue are recognized once eligible expenditures are incurred and recorded.

During the year ended October 31, 2025, Hope was awarded a \$150,000 conditional grant from United Way (Grantor) payable to Hope in monthly installments over the period of three years. The amount the Grantor promises to give is conditioned upon specific provisions mandated by the Grantor. During the year ended October 31, 2025, \$50,000 was recognized as contribution revenue. At October 31, 2025, the remaining conditional promise to give totaled \$100,000.

Inventory

Inventories consist of donated goods held for resale in Hope's retail thrift store and donated and purchased goods held for distribution to clients. Hope's donated thrift store inventory is recorded at its estimated net realizable value. Donated inventory held for distribution to clients is recorded at its estimated fair value based on market prices of similar items. Purchased inventory held for distribution to clients is recorded using the first-in, first-out method.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Inventory (Continued)

Inventory at October 31, consisted of the following:

	2025	2024
Food and toiletries	\$ 98,852	\$ 99,310
Clothing	13,149	30,642
Thrift Store	142,920	71,900
	\$ 254,921	\$ 201,852

Property and Equipment

Property and equipment are stated at cost when purchased or fair value at the date of donation, less accumulated depreciation and amortization. Major expenditures which substantially increase useful lives are capitalized. Maintenance and repairs which do not improve or extend the lives of the respective assets are expensed when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in the statements of activities and changes in net assets.

Depreciation and amortization of property and equipment are calculated using the straight-line convention over the estimated useful lives of the respective assets. Estimated useful lives are as follows:

Land improvements	5 – 39 years
Building improvements	5 – 39 years
Furniture and equipment	5 – 10 years
Vehicles	5 years

Impairment of Long-Lived Assets

Hope regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the years ended October 31, 2025 and 2024.

Investments

Investments are recorded at fair value in the accompanying statements of financial position. Changes in the fair values are reported in the statements of activities and changes in net assets. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are included in the statements of activities and changes in net assets.

Hope's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to Hope's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Hope recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Government grants are recognized as contract terms are fulfilled.

Revenue from the thrift store is recognized when goods are sold.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Costs are allocated between program services and support services based on space used, time and effort or direct relation to the program and support service benefited.

Leases

Hope determines if a contract is classified as a lease at the contract's inception. Lease agreements are evaluated to determine whether the lease is a finance or operating lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the net present value of lease payments over the lease term. Hope's lease does not provide an implicit rate; therefore, it has elected to use a risk-free rate as its incremental borrowing rate, based on the information available at the implementation commencement date to determine the present value of the lease payments over the lease term. Leases with an initial term of 12 months or less are not recorded on the accompanying statements of financial position and are recognized as lease expense on a straight-line basis over the lease term.

Income Taxes

Hope is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to Hope's exempt purposes is subject to tax under IRC Section 511. Hope had no unrelated business income for the years ended October 31, 2025 and 2024. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Accounting for Uncertainty in Income Taxes

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB *Accounting Standards Codification* (ASC) Topic 740-10, *Accounting for Income Taxes*, would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities and changes in net assets or accrued in the statements of financial position. Federal and state tax returns of Hope are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework 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 or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Hope has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

An asset's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. For the years ended October 31, 2025 and 2024, there were no significant transfers between levels.

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

Money Market Funds: Valued at \$1 for the net asset value (NAV).

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by Hope are open-ended mutual funds that are registered with the U.S. Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by Hope are deemed to be actively traded.

Equity Securities: Valued at the closing price reported on the active markets in which the individual securities are traded.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 1: Organization and Summary of Significant Accounting Policies (Continued)
Fair Value of Financial Instruments (Continued)

Real Estate Investment Funds (REIF): Valued at the NAV which is based on the estimated market value of the trust's total assets minus the value of all liabilities. The NAV is a quoted price in an active market.

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 Hope believes its valuation method is 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.

In accordance with FASB ASC Subtopic 820-10, certain investments that are measured at NAV per share as a practical expedient (or its equivalent) have not been classified in the fair value hierarchy.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recognized at their estimated fair value at the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Hope. Many individuals volunteer their time and perform a variety of tasks that assist Hope with specific programs and assignments; however, those services do not meet the above criteria.

Thrift Store Merchandise

Thrift store merchandise sales are reported net of discounts and returned goods. Sales tax collected during the years ended October 31, 2025 and 2024 totaled \$42,603 and \$37,408, respectively.

Reclassification

Certain prior-year amounts have been reclassified to conform to the current-year presentation. These reclassifications had no effect on the previously reported change in net assets.

Date of Management's Review

Hope has evaluated subsequent events through March 26, 2026, the date the financial statements were available to be issued.

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 2: Property and Equipment

Property and equipment at October 31, consisted of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 277,344	\$ 277,344
Land improvements	90,792	90,792
Building and improvements	981,900	922,236
Furniture and equipment	200,415	142,939
Vehicles	74,390	74,390
Construction in progress	<u>164,233</u>	<u>-</u>
	1,789,074	1,507,701
Less accumulated depreciation and amortization	<u>(548,237)</u>	<u>(471,034)</u>
Property and equipment, net	<u>\$ 1,240,837</u>	<u>\$ 1,036,667</u>

Construction in progress at October 31, 2025 represents costs incurred for the new walk-in freezer and refrigerator for the food pantry. The project is expected to be completed in fiscal year 2026.

For the years ended October 31, 2025 and 2024, depreciation and amortization expense was \$77,202 and \$50,988, respectively.

Note 3: Investments and Fair Value of Financial Instruments

Fair values of assets measured on a recurring basis at October 31, 2025 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ <u>2,480</u>	\$ <u>2,480</u>	\$ -	\$ -
	<u>\$ 2,480</u>	<u>\$ 2,480</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at October 31, 2024 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 6,349	\$ 6,349	\$ -	\$ -
Equity securities	18,531	18,531	-	-
Mutual funds	3,474	3,474	-	-
REIF	<u>359</u>	<u>359</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,713</u>	<u>\$ 28,713</u>	<u>\$ -</u>	<u>\$ -</u>

Investment return (loss) consisted of the following for the years ended October 31,

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 1,315	\$ 896
Unrealized (loss) gain on investments	<u>(1,991)</u>	<u>4,255</u>
	<u>\$ (676)</u>	<u>\$ 5,151</u>

White Rock Center of Hope, Inc.
Notes to the Financial Statements
October 31, 2025 and 2024

Note 4: Commitments

Finance Lease

Hope has an obligation under a noncancelable financing type lease agreement expiring in October 2026. The assets and liabilities under the lease are recorded at the present value of the minimum lease payments. The assets are amortized over the lesser of the estimated useful life or the lease term. Amortization of the assets under the lease is included in depreciation and amortization in the statements of functional expenses for the years ended October 31, 2025 and 2024.

The components of financing lease costs were as follows for the years ended October 31,

	2025	2024
Amortization of right-of-use asset	\$ 1,545	\$ 1,545
Interest	\$ 228	\$ 228

Hope's weighted average remaining lease term and discount rate relating to its financing lease was as follows for the year ended October 31:

	2025	2024
Weighted average remaining lease term (years)	1	2
Weighted average discount rate	3.75%	3.75%

Supplemental information related to Hope's financing lease for the years ended October 31,

	2025	2024
Operating cash flows from financing lease	\$ 228	\$ 228
Financing cash flows from financing lease	\$ 1,755	\$ 2,148

Future minimum lease payments required under this financing lease agreement are as follows:

For the years ending October 31,	
2026	\$ 2,376
2027 and thereafter	-
Total lease payments	2,376
Less interest	(213)
Present value of lease liability	\$ 2,163

White Rock Center of Hope, Inc.
Notes to the Financial Statements
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Note 5: Contributions of Nonfinancial Assets

For the years ended October 31, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities and changes in net assets included following:

2025

<u>Category</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Food and Toiletries	\$ 1,729,124	Program	No donor restrictions	Estimated fair value is \$1.70 per pound on the basis of Feeding America's recommended
Thrift Store	630,618	Program	No donor restrictions	Fair market value of similar items in thrift store.
Clothing Distribution	254,976	Program	No donor restrictions	Estimated fair value is \$3.00 per unit on the basis of Salvation
Professional Services	6,900	General and Administrative	No donor restrictions	Value reported at the standard invoice offered by the donor.
Total	<u>\$ 2,621,618</u>			

2024

<u>Category</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Food and Toiletries	\$ 1,334,499	Program	No donor restrictions	Estimated fair value is \$1.70 per pound on the basis of Feeding America's recommended valuation.
Thrift Store	500,207	Program	No donor restrictions	Fair market value of similar items in thrift store.
Clothing Distribution	229,575	Program	No donor restrictions	Estimated fair value is \$3.00 per unit on the basis of Salvation Army's recommended valuation.
Professional Services	6,250	General and Administrative	No donor restrictions	Value reported at the standard invoice offered by the donor.
Total	<u>\$ 2,070,531</u>			

White Rock Center of Hope, Inc.
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Note 5: Contributions of Nonfinancial Assets (Continued)

In addition to the donated goods and services that are recorded in the accompanying financial statements, Hope also utilizes the services of a significant number of volunteers in order to effectively and efficiently carry out its programs and supporting services. Hope estimates that during the year ended October 31, 2025, over 1,400 individuals provided approximately 33,000 total hours of volunteer services to Hope. Hope estimates that during the year ended October 31, 2024, over 1,300 individuals provided approximately 28,000 total hours of volunteer services to Hope. While Hope considers the services of these volunteers to be critical to the success of Hope's operations, these services are not recorded in the accompanying statement of activities and changes in net assets because the donated services did not possess the characteristics required in order to permit recording the services under GAAP, as described in Note 1 to these financial statements. Hope estimates the value of these unrecorded volunteer services to total approximately \$1,123,000 and \$905,000 for the year ended October 31, 2025 and 2024, respectively.

Note 6: Net Assets With Donor Restrictions

At October 31, 2025 and 2024, the purposes and corresponding balances remaining in net assets with donor restrictions were as follows:

	2025	2024
Neighbor rent, utilities, food & other assistance	\$ 1,302	\$ 19,647
Building remodeling, landscaping, & I.T. equipment	33,139	44,897
Vehicle costs	-	6,980
Total	\$ 34,441	\$ 71,524

Net assets with donor restrictions released from restrictions during October 31, were as follows:

	2025	2024
Neighbor rent, utilities, food & other assistance	\$ 30,345	\$ 33,992
Building remodeling, landscaping, & I.T. equipment	158,758	78,103
Vehicle costs	6,980	-
Total	\$ 196,083	\$ 112,095

Note 7: Defined Contribution Plan

Hope sponsors a defined contribution plan (Plan) for its employees. The Plan covers all eligible employees who are 18 years or older and complete three months of service, as defined by the Plan. It is an employee salary reduction plan with a safe harbor matching provision of 100% of the first 3% of employees' salaries. The employees are vested immediately in their contribution and safe harbor matching contributions. Hope made safe harbor matching contributions totaling \$17,367 and \$15,047 for the years ended October 31, 2025 and 2024, respectively. Hope also has the ability to make discretionary profit-sharing contributions, which are determined annually by the Board. Hope did not make any profit-sharing contributions for the years ended October 31, 2025 and 2024.

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Note 8: Liquidity

As part of Hope’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the operating accounts.

Hope’s financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets available at October 31,	\$ 492,924	\$ 535,227
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions		
Subject to appropriation and satisfaction of donor restrictions	<u>(34,441)</u>	<u>(71,254)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 458,483</u>	<u>\$ 463,703</u>

Note 9: Concentrations

Contributions of nonfinancial assets accounted for approximately 65% and 62% of Hope’s total revenue and support during the years ended October 31, 2025 and 2024, respectively. These donations were received from a variety of sources including Hope’s organizations and other related parties as well as from parties that are independent from Hope including the North Texas Food Bank, local grocers, retail stores, individuals and groups.

During the year ended October 31, 2025, two donors accounted for 28% of total contributions.

During the year ended October 31, 2024, one donor accounted for 10% of total contributions.

Significant decreases of funding from these sources or alternative funding sources would have a material negative effect on Hope’s operations. Management believes these concentration risks are mitigated by the number of prospective donors of nonfinancial goods and services and Hope’s intentions to continue its thrift store operations.

Note 10: Related Party Transactions

Hope received contributions totaling \$15,039 and \$132,273 during the years ended October 31, 2025 and 2024, respectively, from members of the Board and employees.