

ARM IN ARM, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

ARM IN ARM, INC.

YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Arm in Arm, Inc.
Hamilton, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ARM IN ARM, INC. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ARM IN ARM, INC. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 ARM IN ARM, 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 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 ARM IN ARM, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 ARM IN ARM, 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 ARM IN ARM, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, on our consideration of ARM IN ARM, INC.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 ARM IN ARM, INC.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ARM IN ARM, INC.'s internal control over financial reporting and compliance.

Klatzkin & Company LLP

KLATZKIN & COMPANY_{LLP}

Hamilton, New Jersey
January 30, 2026

ARM IN ARM, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2025</u>	<u>2024</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ 130,269	\$ 306,261
Cash Held in Trust.....	141,848	136,002
Promises to Give.....	53,000	25,000
Grants Receivable.....	203,467	158,202
Prepaid Expenses.....	2,700	10,323
Food Inventory.....	<u>4,941</u>	<u>4,941</u>
Total Current Assets.....	<u>536,225</u>	<u>640,729</u>
Property and Equipment at Cost, Less Accumulated		
Depreciation of \$271,501 and \$202,238.....	<u>402,898</u>	<u>425,234</u>
<u>Other Assets</u>		
Investments.....	2,389,159	2,318,334
Beneficial Interest in Assets Held by a Foundation.....	409,794	374,742
Operating Lease Right-of-Use Assets.....	57,466	177,296
Security Deposits.....	<u>9,640</u>	<u>9,640</u>
Total Other Assets.....	<u>2,866,059</u>	<u>2,880,012</u>
TOTAL ASSETS.....	<u>\$ 3,805,182</u>	<u>\$ 3,945,975</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable.....	\$ 46,741	\$ 31,440
Representative Payee Payable.....	141,848	136,002
Operating Lease Liabilities.....	56,678	121,233
Accrued Expenses.....	<u>28,948</u>	<u>32,045</u>
Total Current Liabilities.....	<u>274,215</u>	<u>320,720</u>
<u>Long Term Liabilities</u>		
Operating Lease Liabilities, Net of Current Liabilities.....	<u>625</u>	<u>57,302</u>
Total Long Term Liabilities.....	<u>625</u>	<u>57,302</u>
<u>Net Assets</u>		
Without Donor Restrictions.....	3,021,159	3,044,549
With Donor Restrictions.....	<u>509,183</u>	<u>523,404</u>
Total Net Assets.....	<u>3,530,342</u>	<u>3,567,953</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 3,805,182</u>	<u>\$ 3,945,975</u>

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

ARM IN ARM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Donations.....	\$ 1,157,471	\$ 826,500	\$ 1,983,971
In-Kind Food Donations.....	1,022,108	-	1,022,108
In-Kind Non-Food Donations.....	2,200	-	2,200
Special Events - Contributions and Revenue of \$175,120			
Special Events - Cost of Direct Benefits to Donors of \$34,415			
Net Revenues from Special Events.....	140,705	-	140,705
Grants.....	695,900	-	695,900
Program Revenue.....	64,151	-	64,151
Net Investment Return.....	160,271	35,052	195,323
Gain on Disposal of Equipment.....	1,110	-	1,110
Net Assets Released From Restrictions.....	<u>875,773</u>	<u>(875,773)</u>	<u>-</u>
Total Support and Revenues.....	<u>4,119,689</u>	<u>(14,221)</u>	<u>4,105,468</u>
<u>Expenses</u>			
Program Services.....	3,410,085	-	3,410,085
Management and General.....	346,243	-	346,243
Fundraising and Development.....	<u>386,751</u>	<u>-</u>	<u>386,751</u>
Total Expenses.....	<u>4,143,079</u>	<u>-</u>	<u>4,143,079</u>
Change in Net Assets.....	(23,390)	(14,221)	(37,611)
Net Assets, Beginning of Year.....	<u>3,044,549</u>	<u>523,404</u>	<u>3,567,953</u>
Net Assets, End of Year.....	<u>\$ 3,021,159</u>	<u>\$ 509,183</u>	<u>\$ 3,530,342</u>

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

ARM IN ARM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Donations.....	\$ 1,218,024.00	\$ 527,500	\$ 1,745,524
In-Kind Food Donations.....	1,201,733	-	1,201,733
In-Kind Non-Food Donations.....	1,630	-	1,630
Special Events - Contributions and Revenue of \$170,440			
Special Events - Cost of Direct Benefits to Donors of \$29,572			
Net Revenues from Special Events.....	140,868	-	140,868
Grants.....	742,549	-	742,549
Program Revenue.....	64,913	-	64,913
Net Investment Return.....	143,880	14,170	158,050
Loss on Disposal of Equipment.....	3,000	-	3,000
Net Assets Released From Restrictions.....	<u>631,037</u>	<u>(631,037)</u>	<u>-</u>
Total Support and Revenues.....	<u>4,147,634</u>	<u>(89,367)</u>	<u>4,058,267</u>
<u>Expenses</u>			
Program Services.....	3,339,363	-	3,339,363
Management and General.....	316,370	-	316,370
Fundraising and Development.....	<u>342,423</u>	<u>-</u>	<u>342,423</u>
Total Expenses.....	<u>3,998,156</u>	<u>-</u>	<u>3,998,156</u>
Change in Net Assets.....	149,478	(89,367)	60,111
Net Assets, Beginning of Year.....	<u>2,895,071</u>	<u>612,771</u>	<u>3,507,842</u>
Net Assets, End of Year.....	<u>\$ 3,044,549</u>	<u>\$ 523,404</u>	<u>\$ 3,567,953</u>

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

ARM IN ARM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Personnel:				
Payroll.....	\$ 767,662	\$ 221,768	\$ 253,668	\$ 1,243,098
Payroll Taxes.....	58,544	15,308	19,346	93,198
Payroll Service Fee.....	8,318	2,175	2,749	13,242
Employee Benefits.....	<u>216,284</u>	<u>59,665</u>	<u>96,955</u>	<u>372,904</u>
Total Personnel Expenses.....	<u>1,050,808</u>	<u>298,916</u>	<u>372,718</u>	<u>1,722,442</u>
Direct Assistance:				
Food.....	1,379,189	-	-	1,379,189
Rent.....	410,672	-	-	410,672
Security Deposits.....	59,981	-	-	59,981
Housing Stability and Case Management.....	18,318	-	-	18,318
Utilities.....	465	-	-	465
Other.....	<u>18,498</u>	<u>-</u>	<u>-</u>	<u>18,498</u>
Total Direct Assistance.....	<u>1,887,123</u>	<u>-</u>	<u>-</u>	<u>1,887,123</u>
Other Operating Costs:				
Insurance.....	56,595	1,875	1,875	60,345
Fundraising Expenses.....	-	-	34,415	34,415
Program Expense.....	7,051	234	233	7,518
Conference and Training.....	20	6	9	35
Professional Fees.....	33,050	1,095	1,095	35,240
Audit.....	-	24,275	-	24,275
Maintenance and Supplies.....	33,924	1,124	1,124	36,172
Store Supplies and Display.....	45,359	-	-	45,359
Office.....	47,863	10,905	1,885	60,653
Rent.....	112,983	3,744	3,744	120,471
Staff and Volunteer Support.....	3,261	-	-	3,261
Telephone.....	23,802	789	788	25,379
Transportation.....	9,260	-	-	9,260
Utilities.....	6,043	200	200	6,443
Depreciation.....	<u>92,943</u>	<u>3,080</u>	<u>3,080</u>	<u>99,103</u>
Total Operating Costs.....	<u>472,154</u>	<u>47,327</u>	<u>48,448</u>	<u>567,929</u>
Total Expenses.....	3,410,085	346,243	421,166	4,177,494
Less Expenses Included with Revenues on the Statement of Activities: Cost of Direct Benefits to Donors.....	<u>-</u>	<u>-</u>	<u>(34,415)</u>	<u>(34,415)</u>
Total Expenses Included in the Expense Section on the Statement of Activities.....	<u>\$ 3,410,085</u>	<u>\$ 346,243</u>	<u>\$ 386,751</u>	<u>\$ 4,143,079</u>

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

ARM IN ARM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Personnel:				
Payroll.....	\$ 806,176	\$ 198,006	\$ 227,622	\$ 1,231,804
Payroll Taxes.....	60,024	14,947	17,182	92,153
Payroll Service Fee.....	10,870	2,707	3,111	16,688
Employee Benefits.....	<u>167,827</u>	<u>56,474</u>	<u>82,302</u>	<u>306,603</u>
Total Personnel Expenses.....	<u>1,044,897</u>	<u>272,134</u>	<u>330,217</u>	<u>1,647,248</u>
Direct Assistance:				
Food.....	1,316,139	-	-	1,316,139
Rent.....	413,600	-	-	413,600
Mortgage.....	6,022	-	-	6,022
Security Deposits.....	57,385	-	-	57,385
Housing Stability and Case Management.....	43,502	-	-	43,502
Utilities.....	4,759	-	-	4,759
Other.....	<u>35,515</u>	<u>-</u>	<u>-</u>	<u>35,515</u>
Total Direct Assistance.....	<u>1,876,922</u>	<u>-</u>	<u>-</u>	<u>1,876,922</u>
Other Operating Costs:				
Insurance.....	43,761	1,450	1,450	46,661
Fundraising Expenses.....	-	-	29,572	29,572
Program Expense.....	6,254	207	208	6,669
Conference and Training.....	1,679	56	55	1,790
Professional Fees.....	39,247	1,301	1,300	41,848
Audit.....	-	23,161	-	23,161
Maintenance and Supplies.....	31,290	1,037	1,037	33,364
Store Supplies and Display.....	43,930	-	-	43,930
Office.....	41,899	10,550	1,683	54,131
Rent.....	111,501	3,695	3,695	118,891
Staff and Volunteer Support.....	3,794	-	-	3,794
Telephone.....	22,564	748	747	24,059
Transportation.....	10,320	-	-	10,320
Utilities.....	5,372	178	178	5,728
Depreciation.....	<u>55,933</u>	<u>1,853</u>	<u>1,853</u>	<u>59,640</u>
Total Operating Costs.....	<u>417,544</u>	<u>44,236</u>	<u>41,778</u>	<u>503,558</u>
Total Expenses.....	3,339,363	316,370	371,995	4,027,728
Less Expenses Included with Revenues on the Statement of Activities: Cost of Direct Benefits to Donors.....	<u>-</u>	<u>-</u>	<u>(29,572)</u>	<u>(29,572)</u>
Total Expenses Included in the Expense Section on the Statement of Activities.....	<u>\$ 3,339,363</u>	<u>\$ 316,370</u>	<u>\$ 342,423</u>	<u>\$ 3,998,156</u>

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

ARM IN ARM, INC.

STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	<u>2025</u>	<u>2024</u>
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash		
Cash Flows from Operating Activities:		
Cash Received from Grantors and Donors.....	\$ 2,670,757	\$ 2,563,618
Cash Received from Special Events.....	175,120	170,440
Cash Paid To Vendors and Employees.....	(2,995,397)	(2,768,769)
Cash Paid for Special Events.....	(34,415)	(29,572)
Interest and Dividends Received.....	20,444	19,754
Constructive Cash Received - Dividends Reinvested.....	84,588	94,317
Income Taxes Paid.....	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in)		
Operating Activities.....	<u>(78,903)</u>	<u>49,788</u>
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments.....	200,000	-
Proceeds from Sale of Equipment.....	1,110	3,000
Purchases of Investments.....	(215,588)	(94,317)
Purchases of Equipment.....	<u>(76,766)</u>	<u>(208,467)</u>
Net Cash Used in		
Investing Activities.....	<u>(91,244)</u>	<u>(299,784)</u>
Decrease in Cash, Cash Equivalents, and Restricted Cash.....	(170,147)	(249,996)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year.....	<u>442,263</u>	<u>692,259</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year.....	<u>\$ 272,116</u>	<u>\$ 442,263</u>

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

ARM IN ARM, INC.

STATEMENTS OF CASH FLOWS

	Years Ended	
	June 30,	
	<u>2025</u>	<u>2024</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Change in Net Assets.....	\$ (37,611)	\$ 60,111
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used in) Operating Activities:		
Depreciation.....	99,103	59,640
Realized (Gain) Loss on Investments.....	(7,057)	(13,654)
Unrealized (Gain) Loss on Investments.....	(83,234)	(30,325)
(Gain) Loss on Disposal of Equipment.....	(1,110)	(3,000)
(Increase) Decrease in Operating Assets:		
Promises to Give.....	(28,000)	-
Grants Receivable.....	(45,265)	10,632
Prepaid Expenses.....	7,623	(8,998)
Operating Lease Right-of-Use Assets.....	119,830	116,674
Increase (Decrease) in Operating Liabilities:		
Accounts Payable.....	15,301	14,292
Representative Payee Payable.....	5,846	(40,807)
Operating Lease Liabilities.....	(121,232)	(120,589)
Accrued Expenses.....	<u>(3,097)</u>	<u>5,812</u>
Net Cash Provided by Operating Activities.....	<u>\$ (78,903)</u>	<u>\$ 49,788</u>
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Cost of Assets Retired.....	\$ 29,839	\$ 48,775
Accumulated Depreciation of Assets Retired.....	<u>(29,839)</u>	<u>(48,775)</u>
Book Value of Assets Retired.....	<u>\$ -</u>	<u>\$ -</u>

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

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 1. Organization and Operations

Arm in Arm, Inc. (the "Organization") is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The mission of Arm in Arm, Inc. is to partner with the community to achieve stability for neighbors in need. The program focuses on hunger prevention, homelessness prevention, and workforce development for low-income individuals and families in Mercer County, New Jersey. Core programs include the operation of three food pantries, financial assistance for rent, mortgage and utilities, job training, and job search assistance. The Organization is supported primarily through donor contributions and grants. Support from a diverse community network of individual volunteers, schools and colleges, congregations, businesses, foundations, civic groups, public entities, and fellow nonprofit agencies empowers the Organization to support low-income individuals and families across Mercer County in their efforts to achieve food security and housing and employment stability.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Presentation:

The financial statements of the Organization have been prepared in accordance U.S. GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Trustees.

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

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Revenue and Support Recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using low risk interest rates applicable to the years in which promises are received to discount the amounts. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they are dependent are substantially satisfied.

A portion of the Organization's revenue is derived from cost-reimbursable state and county grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions and/or achieved the specified performance requirements. Amounts received prior to incurring qualifying expenditures or meeting the specified performance requirements are reported as refundable advances in the Statements of Financial Position. The Organization received conditional grants of \$237,658 and \$224,155 that have not been recognized at June 30, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred or performance requirements have not yet been met.

Program revenue is derived from payments received for serving as a representative payee for the Social Security Administration. The Organization collects a fee based on a fee schedule for the beneficiaries served. Amounts are recorded as revenue when received.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Contributions of donated non-cash assets, such as property and equipment, are recorded at their fair values in the periods received. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Revenue and Support Recognition (Cont'd):

Food donations received from individuals, businesses and government agencies are vital to the Organization's mission, enabling it to provide food to those in need. During the years ended June 30, 2025 and 2024, food donations with a value of \$1,022,108 and \$1,201,733, respectively, were received. This amount is included as in-kind food donations in the Statements of Activities. Food donations were valued at \$1.97 and \$1.93 per pound for the years ended June 30, 2025 and 2024, respectively, in accordance with Feeding America's 2024 product valuation study. Feeding America's 2025 product valuation study was not available at the time that these statements were issued. The majority of the donated food received was distributed to individuals and families in need. Food with an estimated value of \$4,941 and \$4,941 remained in inventory at June 30, 2025 and 2024, respectively.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the periods received. The Organization also receives donated services from unpaid volunteers who assist in special projects. No amounts have been recorded in the accompanying financial statements because the criteria for recognition under U.S. GAAP have not been satisfied.

The Organization receives the free use of office space from Nassau Presbyterian Church. No amounts have been reflected in these financial statements for use of these facilities as it is impractical to reasonably estimate the value. The Organization also receives a substantial amount of donated goods through community partners. The revenue and corresponding expense have been recorded for the donated goods, which are valued based on industry standards. When appropriate, donated property and equipment is capitalized.

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Revenue from fundraising events is recognized when the event occurs. The amount of revenue in the Statements of Activities is shown net of the cost of direct benefits to donors.

The Organization has elected to omit the disclosures that are optional for nonpublic entities.

Management's Use of Estimates and Assumptions:

Management uses estimates and assumptions in preparing its financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Cash, Cash Equivalents, and Restricted Cash:

For the purposes of the Statements of Cash Flows, cash includes certificates of deposit, money markets, and highly liquid debt instruments purchased with an original maturity of three months or less. Money market funds held in brokerage accounts are included in investments instead of cash and cash equivalents. The Organization holds cash in trust as a representative payee for the Social Security Administration. These funds are not available for general operating expenses.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Statements of Financial Position that sum to the total shown in the Statements of Cash Flows at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$130,269	\$306,261
Restricted cash held in trust	<u>141,848</u>	<u>136,002</u>
Total cash, cash equivalents, and restricted cash.....	<u>\$272,117</u>	<u>\$442,263</u>

Grants Receivable:

Grants receivable consists of both conditional and unconditional contributions. Grants receivable are from government agencies and are expected to be collected in full, and accordingly, no allowance for doubtful amounts has been recorded. If amounts become uncollectible, they will be charged to the change in net assets when the determination is made. Grants receivable from Mercer County represented 72% and 87% of total grants receivable at June 30, 2025 and 2024, respectively. Grants receivable from Hamilton Township represented 1% and -0-% of total grants receivable at June 30, 2025 and 2024, respectively. Grants receivable from the State of New Jersey represented 1% and 4% of total grants receivable at June 30, 2025 and 2024, respectively. Grants receivable from the City of Trenton represented 5% and 9% of total grants receivable at June 30, 2025 and 2024, respectively. There were no amounts written off for the years ended June 30, 2025 or 2024.

Investments:

Investments are in mutual funds, investing in intermediate-term, investment-grade corporate bonds, stocks, and money market funds. Investments are carried at fair value using quoted market prices in active markets. Realized gains and losses are determined using the average cost method. Mutual funds and money market accounts are not insured by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of the investment at \$1 per share, it is possible for the value to fall below \$1 per share.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Property, Equipment and Depreciation:

Property and equipment are stated at cost. Significant additions in excess of \$500 are capitalized, while expenditures for maintenance and repairs are expensed as incurred. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in the Statements of Activities.

Inventories:

Inventories, which consist primarily of food items donated by community partners, are valued at the average cost per pound of food. The Organization uses industry data as provided by Feeding America to determine the cost per pound.

Prepaid Expenses:

Prepaid expenses consists of donated auction items and gift cards received but not yet used by the Organization.

Concentrations of Credit Risk:

The Organization's cash and cash equivalent accounts and interest-bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Functional Allocation of Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Personnel expenses, including payroll, payroll taxes, and employee benefits, are allocated based on the estimated amount of time each employee spends on each activity. Occupancy expenses, including rent, insurance, telephone, utilities, maintenance, and depreciation, are allocated based on the square footage of each location and the use of each building. Professional fees, office, postage, and transportation are also allocated using the occupancy percentages. All other expenses not noted are charged directly to the specific purpose for which the expense is incurred.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income taxes and is registered with the State of New Jersey under the New Jersey Charitable Registration and Investigation Act (CRI) of 1994.

The Organization's federal exempt returns are subject to examination by the IRS, generally for three years after they were filed. The Organization's state informational returns are subject to examination up to four years after they were filed. The statute of limitations does not apply to unfiled returns. The Organization believes that all required returns have been filed.

The Organization has determined that there are no material uncertain tax positions that require disclosure in the financial statements. The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and miscellaneous operating costs, respectively.

Compensated Absences:

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 2. Summary of Significant Accounting Policies (Cont'd)

Leases:

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and operating lease liabilities, net of current liabilities, on the Statements of Financial Position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses rates implicit in the lease, or if not readily available, the Organization uses a risk-free rate. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the Statements of Financial Position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Date of Management Evaluation of Subsequent Events:

Management has evaluated subsequent events through January 30, 2026, the date on which the financial statements were available to be issued.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 3. Available Resources and Liquidity

The following represents the Organization's financial assets at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 130,269	\$ 306,261
Promises to give	53,000	25,000
Grants receivable	203,467	158,202
Investments	2,389,159	2,318,334
Beneficial interest in assets held by a foundation	<u>409,794</u>	<u>374,742</u>
 Total financial assets	 3,185,689	 3,182,539
 Less amounts not available to be used within one year:		
Investments held for long-term purposes	(2,389,159)	(2,318,334)
Beneficial interest in assets held by a foundation	<u>(409,794)</u>	<u>(374,742)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 386,736</u>	 <u>\$ 489,463</u>

The Organization receives significant contributions and grants restricted by donors and grantors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves to maintain adequate liquid assets to fund near-term operating needs and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Organization also has an operating reserve policy which ensures stability and ongoing operations of the Organization. The target minimum reserve is equal to six months of annual budgeted operating expenses. This goal is achieved through the Organization's budgeting process and expenditure policies. The Organization maintains investments with the goal of long-term growth so that income from the investments will provide another source of operating funds. Accordingly, these investments are not available for general expenditures within the next year; however, the board could make them available, if necessary. The Organization maintains assets held by a foundation restricted for the purpose of the Princeton office. These funds are not available for general operating expenditures.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 4. Unconditional Promises to Give

The Organization received unconditional promises to give during the years ended June 30, 2025 and 2024. Management does not estimate that any portion is uncollectible. Unconditional promises to give are as follows:

<u>June 30, 2025</u>	<u>Total</u>	<u>Current</u>	<u>Long term</u>
Receivable in less than one year	\$ 53,000	\$ 53,000	\$ -
Receivable in one to five years	-	-	-
Total unconditional promises to give	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ -</u>

<u>June 30, 2024</u>	<u>Total</u>	<u>Current</u>	<u>Long term</u>
Receivable in less than one year	\$ 25,000	\$ 25,000	\$ -
Receivable in one to five years	-	-	-
Total unconditional promises to give	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>

Note 5. Investments

Investments as of June 30, 2025 are summarized as follows:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gain (loss)</u>
Vanguard Intermediate Term Investment - Grade Fund Admiral Shares	\$ 548,501	\$ 491,614	\$ (56,887)
Vanguard Admiral Treasury Money Market Fund	1,496,097	1,496,097	-
Vanguard Wellesley Income Fund	417,923	394,684	(23,239)
Vanguard Federal Money Market Fund	<u>6,764</u>	<u>6,764</u>	<u>-</u>
Total	<u>\$2,469,285</u>	<u>\$2,389,159</u>	<u>\$ (80,126)</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 5. Investments (Cont'd)

Investments as of June 30, 2024 are summarized as follows:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gain (loss)</u>
Vanguard Intermediate Term Investment - Grade Fund Admiral Shares.....	\$ 525,680	\$ 452,579	\$ (73,101)
Vanguard Admiral Treasury Money Market Fund	1,420,257	1,420,257	-
Vanguard Wellesley Income Fund.....	393,664	359,542	(34,122)
Vanguard Federal Money Market Fund	<u>85,956</u>	<u>85,956</u>	<u>-</u>
Total	<u>\$2,425,557</u>	<u>\$2,318,334</u>	<u>\$ (107,223)</u>

The fair value of investments is based on quoted market prices available on an active market.

Net investment return for the years ended June 30, 2025 and 2024 was comprised of the following:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 107,779	\$ 116,725
Unrealized gain (loss).....	83,234	30,325
Realized gain (loss).....	7,056	13,654
Administrative and investment fees	<u>(2,746)</u>	<u>(2,654)</u>
Total net investment return	<u>\$ 195,323</u>	<u>\$ 158,050</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 6. Property and Equipment

The following is a summary of property and equipment at June 30, 2025 and 2024:

	Estimated useful lives in years	<u>2025</u>	<u>2024</u>
Computers and office equipment.....	5 - 7	\$240,873	\$215,046
Leasehold improvements	7 - 40	112,767	109,968
Vehicles.....	5	<u>320,759</u>	<u>302,458</u>
		674,399	627,472
Accumulated depreciation		<u>271,501</u>	<u>202,238</u>
		<u>\$402,898</u>	<u>\$425,234</u>

Depreciation expense charged to operations was \$99,103 and \$59,640 for the years ended June 30, 2025 and 2024, respectively.

Note 7. Endowment Investment and Spending Policies

The Organization's endowment consists of contributions that donors designated for the operation of the Princeton office. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

During 2011, the Organization established an endowment fund with the Princeton Area Community Foundation (PACF), an unaffiliated organization, with a \$250,000 contribution received in 2010. The PACF has full authority and discretion as to the investment of the assets of the fund.

The endowment fund of Arm in Arm, Inc. was created by the Board of Trustees to help secure the Organization's future by establishing a base of financial security and providing a flow of investment income to complement annual fundraising. The endowment fund currently includes donor-restricted funds.

The Board of Trustees has interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 7. Endowment Investment and Spending Policies (Cont'd)

The Organization has adopted investment policies that seek long term capital growth, current income, and growth of income, consistent with prudent, conservative and risk-averse investments for its endowment. For the years ended June 30, 2025 and 2024, the endowment funds were invested with the PACF in pooled separate accounts, where investments are comprised of domestic and international equity funds, corporate bond funds, limited partnerships, alternative investments and cash.

To satisfy its long term objectives, the Organization relies on the total return strategy adopted by PACF. Investments at PACF are invested in a manner that is intended to produce results that match or exceed a blended benchmark of domestic and international equities, corporate bonds and limited partnerships, while assuming a moderate level of investment risk.

The Organization can receive annual payments of up to 5% of the endowment fund's fair value of the prior calendar year-end. The payments can be used for operating expenses of Arm in Arm, Inc.

The endowment fund is classified as a beneficial interest in assets held by a foundation on the Statements of Financial Position.

Endowment net asset composition at June 30, 2025 is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$250,000	\$ -
Accumulated investment gains	<u>-</u>	<u>159,794</u>	<u>-</u>
	<u>\$ -</u>	<u>\$409,794</u>	<u>\$ -</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 7. Endowment Investment and Spending Policies (Cont'd)

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year.....	\$ -	\$374,742	\$374,742
Net investment return:			
Interest and dividends	-	2,595	2,595
Realized gain (loss)	-	(3,235)	(3,235)
Unrealized gain (loss)	-	56,137	56,137
Bank fees	-	(2,745)	(2,746)
Net investment return	-	52,752	52,752
Appropriated for expenditures	-	(17,700)	(17,700)
Endowment net assets, end of year	\$ -	\$409,794	\$409,794

Endowment net asset composition at June 30, 2024 is as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount	\$ -	\$250,000	\$250,000
Accumulated investment gains	-	124,742	124,742
	\$ -	\$374,742	\$374,742

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 7. Endowment Investment and Spending Policies (Cont'd)

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$360,573	\$360,573
Net investment return:			
Interest and dividends	-	4,561	4,561
Realized gain (loss)	-	9,102	9,102
Unrealized gain (loss)	-	20,260	20,260
Bank fees	-	<u>(2,654)</u>	<u>(2,654)</u>
Net investment return	-	<u>31,269</u>	<u>31,269</u>
Appropriated for expenditures	-	<u>(17,100)</u>	<u>(17,100)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$374,742</u>	<u>\$374,742</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2025 and 2024, there were no donor-restricted endowment funds with fair values less than the amount required to be maintained by the donor.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 8. Fair Value Measurements

Assets measured at fair value on a recurring basis at June 30, 2025 were as follows:

	<u>Total</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds:				
Intermediate bond funds	\$ 491,614	\$ 491,614	\$ -	\$ -
Income funds	394,684	394,684	-	-
Money market funds	1,502,861	1,502,861	-	-
Beneficial interest in assets held by Foundation	<u>409,794</u>	<u>-</u>	<u>-</u>	<u>409,794</u>
Total	<u>\$2,798,953</u>	<u>\$2,389,159</u>	<u>\$ -</u>	<u>\$409,794</u>

Assets measured at fair value on a recurring basis at June 30, 2024 were as follows:

	<u>Total</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds:				
Intermediate bond funds	\$ 452,579	\$ 452,579	\$ -	\$ -
Income funds	359,542	359,542	-	-
Money market funds	1,506,213	1,506,213	-	-
Beneficial interest in assets held by Foundation	<u>374,742</u>	<u>-</u>	<u>-</u>	<u>374,742</u>
Total	<u>\$2,693,076</u>	<u>\$2,318,334</u>	<u>\$ -</u>	<u>\$374,742</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 8. Fair Value Measurements (Cont'd)

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 - Determined using quoted market prices in active markets for identical assets.

Level 2 - Determined using other observable inputs such as quoted market prices in active markets for similar assets. There were no assets valued using Level 2 measurements.

Level 3 - The fair value of the beneficial interest in assets held by a community foundation is measured using the fair value of the assets held in the foundation's managed investment pool. The Organization considers the measurement of its beneficial interest in the community foundation to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the fair values of the assets in the foundation's managed investment pool as reported by the foundation, the Organization will never receive those assets or have the ability to direct the foundation to redeem them.

The table in Note 7 presents information about the fair value of the beneficial interest in assets held by a foundation.

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 9. Restrictions on Net Assets

Net assets with donor restrictions at June 30, 2025 and 2024 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Hunger Prevention Program	\$ 36,899	\$ 54,828
Mobile Pantry	22,049	21,344
Homelessness Prevention Program	39,990	71,574
Utility Assistance	<u>451</u>	<u>916</u>
	99,389	148,662
Subject to endowment spending policy and appropriation:		
Princeton Office	<u>409,794</u>	<u>374,742</u>
Total net assets with donor restrictions	<u>\$509,183</u>	<u>\$523,404</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Hunger Prevention Program	\$464,430	\$305,032
Mobile Pantry	234,294	114,156
Homelessness Prevention Program	161,584	152,649
Utility Assistance	465	6,007
Financial Literacy	15,000	18,722
All Kids Thrive Program	-	18,471
Workforce Development	<u>-</u>	<u>16,000</u>
Total net assets released from restrictions	<u>\$875,773</u>	<u>\$631,037</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 10. Contributed Nonfinancial Assets

The Organization received contributions of nonfinancial assets as follows:

	<u>2025</u>	<u>2024</u>
Food donations.....	\$1,022,108	\$1,201,733
Equipment and supply donations.....	<u>2,200</u>	<u>1,630</u>
	<u>\$1,024,308</u>	<u>\$1,203,363</u>

Contributed assets are recognized as in-kind revenue with a corresponding increase to food expense. Food donations were valued in accordance with a product valuation study conducted by Feeding America. Equipment and supply donations were valued at the purchase price provided by the donor. All donated assets were utilized by the Organization's programs. There were no donor-imposed restrictions associated with the donated assets.

Note 11. Lease Agreements and Commitments

On August 16, 2022, the Organization signed a lease for administrative offices and food storage facilities. The lease term began on October 13, 2022, and expired September 30, 2025. Monthly payments were \$7,765 for the first twenty-four months and \$7,406 for the next twelve months. The lease is currently month to month as a new lease term is negotiated.

On November 4, 2016, the Organization signed a lease for a food pantry location. The lease term began on February 1, 2017 and expired on January 31, 2020. Rent during the initial term was \$2,565 per month. The Organization exercised its option to extend the lease for an additional three-year term through January 31, 2023 with payments of \$2,690 per month. The Organization signed a new lease for the same location. The term began on February 1, 2023, and will expire on January 31, 2026. Rent during the lease term is \$2,690 per month.

The Organization also leases office equipment with terms ending December 2026.

The components of operating lease expense were as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 123,485	\$ 124,594
Short-term lease cost	<u>-</u>	<u>-</u>
	<u>\$ 123,485</u>	<u>\$ 124,594</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 11. Operating Lease Agreements and Commitments (Cont'd)

Other information related to leases was as follows:

Supplemental Cash Flow Information –

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating leases.....	\$ 121,232	\$ 120,589

Weighted average remaining lease term (in months):

	<u>2025</u>	<u>2024</u>
Operating leases.....	6.07	17.77

Weighted average discount rate:

	<u>2025</u>	<u>2024</u>
Operating leases.....	2.67%	2.72%

Minimum future rental payments under operating leases having remaining terms in excess of one year as of June 30, 2025 for each of the remaining years and in the aggregate are:

<u>Year ended June 30,</u>	<u>Amount</u>
2026	\$57,648
2027	630
2028	-
2029	-
2030 and thereafter	<u>-</u>
Total lease payments	58,278
Less: interest.....	<u>(974)</u>
Present value of lease liabilities	<u>\$ 57,304</u>

ARM IN ARM, INC.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Note 12. Retirement Plan

In 2016, the Organization established a SIMPLE IRA plan for eligible employees. Effective January 1, 2018, the Organization matched 100% of employees' contributions up to a limit of 2% of compensation. Effective January 1, 2020, the match was increased to 100% of employees' contributions up to a limit of 3% of compensation. During the years ended June 30, 2025 and 2024, the retirement plan expense incurred by the Organization was \$31,972 and \$29,604, respectively.

Note 13. Risks and Uncertainties

The Organization invests in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the investments and the amounts reported in the Statements of Financial Position. Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of investments may not necessarily be indicative of amounts that could be realized in a current market exchange.

**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 Trustees of
Arm in Arm, Inc.
Hamilton, New Jersey

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 ARM IN ARM, INC. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ARM IN ARM, INC.'s internal control over financial reporting (internal control) as a basis for designing 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 ARM IN ARM, INC.'s internal control. Accordingly, we do not express an opinion on the effectiveness of ARM IN ARM, INC.'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 Organization'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 ARM IN ARM, 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 financial statements. 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.

Klatzkin & Company LLP

KLATZKIN & COMPANY_{LLP}

Hamilton, New Jersey
January 30, 2026