

BREAKTIME UNITED, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

BREAKTIME UNITED, INC.
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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES
BREAKTIME UNITED, INC.
BOSTON, MASSACHUSETTS

Opinion

We have audited the accompanying financial statements of Breaktime United, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breaktime United, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Breaktime United, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Prior Period Financial Statements

The financial statements of Breaktime United, Inc. as of December 31, 2023, were audited by other auditors whose report dated November 4, 2024, expressed an unmodified opinion on those statements.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Breaktime United, 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 Breaktime United, 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.



Lexington, Massachusetts
June 30, 2025

BREAKTIME UNITED, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,515,223	\$ 2,291,486
Accounts receivable	17,827	83,682
Contributions receivable, short term	2,070,000	943,200
Prepaid expenses	21,863	27,255
Other assets	<u>19,331</u>	<u>-</u>
Total current assets	<u>5,644,244</u>	<u>3,345,623</u>
Non-Current Assets		
Property and equipment, net of accumulated depreciation	6,683,696	111,186
Contributions receivable, long term	2,337,518	780,720
Security deposit	<u>10,000</u>	<u>10,000</u>
Total non-current assets	<u>9,031,214</u>	<u>901,906</u>
TOTAL ASSETS	<u>\$ 14,675,458</u>	<u>\$ 4,247,529</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 141,409	\$ 113,248
Accrued payroll	28,720	70,599
Bonds payable, current	<u>50,335</u>	<u>-</u>
Total current liabilities	<u>220,464</u>	<u>183,847</u>
Long-term liabilities		
Bonds payable	<u>3,178,771</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,399,235</u>	<u>183,847</u>
NET ASSETS		
Without donor restrictions	3,944,137	1,769,726
With donor restrictions	<u>7,332,086</u>	<u>2,293,956</u>
TOTAL NET ASSETS	<u>11,276,223</u>	<u>4,063,682</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,675,458</u>	<u>\$ 4,247,529</u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Grants and contributions	\$ 2,995,449	\$ 9,606,491	\$ 12,601,940	\$ 2,266,454	\$ 1,822,700	\$ 4,089,154
Program service revenue	56,225	-	56,225	429,029	-	429,029
In-kind support	8,900	-	8,900	13,003	-	13,003
Unrealized gain on investments	-	-	-	13,044	-	13,044
Interest income	109,664	-	109,664	28,063	-	28,063
Other income	49,049	-	49,049	-	-	-
Released from restrictions	<u>4,568,361</u>	<u>(4,568,361)</u>	<u>-</u>	<u>1,606,647</u>	<u>(1,606,647)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>7,787,648</u>	<u>5,038,130</u>	<u>12,825,778</u>	<u>4,356,240</u>	<u>216,053</u>	<u>4,572,293</u>
PROGRAM EXPENSES						
Program Services	<u>4,003,264</u>	<u>-</u>	<u>4,003,264</u>	<u>2,836,549</u>	<u>-</u>	<u>2,836,549</u>
TOTAL PROGRAM EXPENSES	<u>4,003,264</u>	<u>-</u>	<u>4,003,264</u>	<u>2,836,549</u>	<u>-</u>	<u>2,836,549</u>
SUPPORTING SERVICES						
General and administrative	853,031	-	853,031	597,202	-	597,202
Fundraising	<u>756,942</u>	<u>-</u>	<u>756,942</u>	<u>677,467</u>	<u>-</u>	<u>677,467</u>
TOTAL SUPPORTING SERVICES	<u>1,609,973</u>	<u>-</u>	<u>1,609,973</u>	<u>1,274,669</u>	<u>-</u>	<u>1,274,669</u>
TOTAL EXPENSES	<u>5,613,237</u>	<u>-</u>	<u>5,613,237</u>	<u>4,111,218</u>	<u>-</u>	<u>4,111,218</u>
CHANGE IN NET ASSETS	2,174,411	5,038,130	7,212,541	245,022	216,053	461,075
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	2,034,726	2,293,956	4,328,682	1,524,704	2,077,903	3,602,607
ADJUSTMENT TO REVENUE	<u>(265,000)</u>	<u>-</u>	<u>(265,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>1,769,726</u>	<u>2,293,956</u>	<u>4,063,682</u>	<u>1,524,704</u>	<u>2,077,903</u>	<u>3,602,607</u>
NET ASSETS, END OF YEAR	<u>\$ 3,944,137</u>	<u>\$ 7,332,086</u>	<u>\$ 11,276,223</u>	<u>\$ 1,769,726</u>	<u>\$ 2,293,956</u>	<u>\$ 4,063,682</u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 2,639,691	\$ 332,763	\$ 669,409	\$ 3,641,863
Benefits	312,754	206,002	-	518,756
Payroll Taxes	251,869	20,271	57,679	329,819
Software	198,646	69,627	1,618	269,891
Professional fees	110,030	122,524	-	232,554
Rent	151,825	-	-	151,825
Stipends	125,650	148	50	125,848
Loss on disposal of leasehold improvements	105,526	-	-	105,526
Event expenses	27,823	11,965	10,766	50,554
Professional development	9,486	18,324	2,850	30,660
Supplies	16,767	9,873	545	27,185
Payroll processing	3,898	23,178	-	27,076
Depreciation	21,100	-	-	21,100
Utilities	2,769	13,848	-	16,617
Repairs and maintenance	8,719	7,580	-	16,299
Insurance	5,749	5,749	-	11,498
Awareness building	4,424	1,783	4,407	10,614
Bank and processing fees	1,774	7,351	-	9,125
In-kind consultants	-	-	8,900	8,900
Travel and meals	3,254	774	543	4,571
Miscellaneous	1,423	1,270	55	2,748
Printing and reproduction	87	-	92	179
Postage and shipping	-	1	28	29
TOTALS	<u>\$ 4,003,264</u>	<u>\$ 853,031</u>	<u>\$ 756,942</u>	<u>\$ 5,613,237</u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 1,898,909	\$ 308,408	\$ 457,977	\$ 2,665,294
Benefits	217,155	36,702	51,995	305,852
Payroll taxes	190,490	32,196	45,610	268,296
Consultants and interns	123,307	67,510	45,064	235,881
Rent	106,074	17,928	25,398	149,400
Stipends	127,009	3,673	8,804	139,486
Supplies	41,815	7,067	10,013	58,895
Software	8,290	32,785	2,870	43,945
Program expenses	42,539	-	-	42,539
Travel and meals	19,108	15,333	7,992	42,433
Repairs and maintenance	18,493	3,126	4,427	26,046
Professional development	4,656	15,690	1,018	21,364
Payroll processing	-	19,708	-	19,708
Utilities	11,647	1,968	2,789	16,404
Professional fees	-	14,500	-	14,500
Event expenses	3,749	787	8,376	12,912
In-kind consultants	250	12,000	-	12,250
Dues and fees	3,361	3,488	1,620	8,469
Awareness building	8,224	-	-	8,224
Insurance	4,750	803	1,137	6,690
Depreciation	3,997	676	957	5,630
Printing and reproduction	1,087	84	1,002	2,173
Bank and processing fees	-	1,856	-	1,856
Postage and shipping	470	168	318	956
In-kind materials	753	-	-	753
Miscellaneous	-	676	-	676
Internet	416	70	100	586
TOTALS	\$ 2,836,549	\$ 597,202	\$ 677,467	\$ 4,111,218

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,212,541	\$ 461,075
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,100	5,630
Loss on disposal of leasehold improvements	105,556	-
Contributions of stock	(2,607)	-
Unrealized gain on investments	-	(13,044)
Amortization of bond issuance costs	633	-
Changes in operating assets and liabilities:		
Accounts receivable	65,855	(23,884)
Contributions receivable	(2,683,598)	60,287
Amortization of right of use asset	-	30,600
Prepaid expenses	(13,939)	(10,048)
Accounts payable and accrued expenses	28,161	(17,065)
Accrued payroll	(41,879)	70,599
Operating lease liability	<u>-</u>	<u>(31,200)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,691,823</u>	<u>532,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of stock	2,607	13,044
Purchase of property and equipment	<u>(6,699,166)</u>	<u>(8,835)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(6,696,559)</u>	<u>4,209</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	<u>3,228,473</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,228,473</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,223,737	537,159
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,291,486</u>	<u>1,754,327</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,515,223</u></u>	<u><u>\$ 2,291,486</u></u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. NATURE OF ORGANIZATION

Breaktime United, Inc. (“the Organization”) is a not-for profit organization incorporated in July 2019, under the laws of the state of Delaware. The Organization’s mission is to break the cycle of homelessness by equipping young adults with the job and financial security they need to establish housing security. The Organization’s core program is a three-part supported transitional employment program that utilizes partnerships to empower young adults at risk/experiencing housing insecurity. It includes 3 weeks of work readiness training and financial education, 3 months of paid job placement at a local nonprofit or business, and 3 years of continued wraparound career, academic, housing, and financial support services. The Organization’s model is designed to support young adults to access high-quality, in demand job opportunities while equipping them with the skills, financial knowledge, and support necessary for them to acquire long-term stable housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

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

Without Donor Restriction – Net assets not subject to donor-imposed restrictions. The board has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by either action of the Organization or the passage of time. Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board approved spending policy.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, to be cash equivalents.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Organization has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due).

Management closely monitors outstanding accounts receivable and records an allowance for credit losses for all amounts that are determined to be uncollectable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for credit losses and a credit to accounts receivable. There was no allowance for credit losses at December 31, 2024 and 2023.

Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for trade receivables held at December 31, 2024 and 2023 because the composition of the trade receivables at those dates is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its business practices have not changed significantly over time). However, management has determined that the current and reasonably supported forecasted economic conditions remain favorable when compared with the economic conditions included in the historical information.

To adjust the historical loss rates to reflect the effects of those differences in current conditions and forecasted changes, management estimated the loss rate to decrease by an insignificant amount in each aging category which is not considered to be material. Management developed this estimate based on its knowledge of past experience with which there were similar economic conditions. Management applied the results of its analysis of credit loss rates to determine the expected credit loss estimate for each aging category, and accordingly, has determined that no allowance for expected credit losses is necessary at December 31, 2024 and 2023.

Contributions and Grants Receivable

Contributions and grants to be received in one year or less are reported at net realizable value. Contributions and grants to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value using a risk-adjusted discount rate assigned in the year the respective contribution originates. Thereafter, amortization of discounts are recorded as additional contributions and grants revenue. An allowance for uncollectible contributions and grants receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. Contributions and grants are written off when deemed uncollectible. Total contributions written off was \$6,087 and \$0 for the years ended December 31, 2024 and 2023, respectively. Contributions and grants receivable were \$4,407,518 and \$1,723,920 as of December 31, 2024 and 2023, respectively.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Purchased property and equipment are recorded at cost at the date of acquisition. Costs of maintenance and repairs are expensed as incurred. Amortization is recognized on the straight line method over the estimated useful lives of such assets.

Property and equipment are depreciated over the following estimated useful lives:

<u>Category</u>	<u>Life</u>
Building and improvement	30 years
Equipment	5 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to the fair value. There were no asset impairments for the years ended December 31, 2024 and 2023.

Contributions and Grants

Contributions and grants, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective contribution originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met. Service fees are recognized as revenue when services are performed. Contributions and grants that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures, and equipment) are reported as restricted contributions. The Organization reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Bond Issuance Costs

Costs incurred with the financing of the Series 2024A and 2024B Massachusetts Development Financing Agency Tax-Exempt Revenue Bonds are capitalized and amortized on a straight-line basis over the lives of the bonds. Issuance costs are included net of accumulated amortization and have been included as a component of bonds payable (Note 7).

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses, which are not directly identifiable by program or support services, are allocated based on best estimates of management.

Interest Income

Interest income is recognized as interest is earned on cash held in savings or other accounts.

Other Income

Other income includes rental income earned from former tenants of the building that was purchased in 2024 (Note 5), and income from special events which is recognized as event sponsorships are received.

In-Kind Contributions

In-kind contributions are reflected as contributions at their fair value at the date of the donation and are reported as unrestricted support. The organization recognizes the fair value of contributed services received if such services a) create or enhance non-financial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

In-kind contributions for the year ended December 31, were recorded as follows:

	<u>2024</u>	<u>2023</u>
Consulting	\$ 8,900	\$ 12,753
Materials	<u>-</u>	<u>250</u>
	<u>\$ 8,900</u>	<u>\$ 13,003</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

It is the policy of the Organization to expense advertising costs as incurred. Total advertising expense was \$10,615 and \$8,224 for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1) of the IRC.

The Organization accounts for the effect of any uncertain tax positions based on application of a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Organization is not currently under examination by any taxing jurisdiction.

The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such a tax position does not result in an uncertainty requiring recognition.

3. LIQUIDITY AND AVAILABILITY

Financial assets available within one year of the statement of financial position for general expenditure are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,515,223	\$ 2,291,486
Contributions receivable due in less than one year	2,070,000	943,200
Accounts receivable	<u>17,827</u>	<u>83,682</u>
	5,603,050	3,318,368
Less donor-imposed restrictions for specific purposes or time	<u>(2,070,000)</u>	<u>(448,955)</u>
	<u><u>\$ 3,533,050</u></u>	<u><u>\$ 2,869,413</u></u>

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

3. LIQUIDITY AND AVAILABILITY (continued)

As part of its liquidity management plan, the Organization manages its operations within a balanced budget, and invests excess cash in various investments. The Organization relies on foundation grants, contributions, and program service revenue to cover the costs of operations.

4. CONTRIBUTIONS AND GRANTS RECEIVABLE - NET

The following is a summary of contributions and grants receivable as of December 31:

	<u>2024</u>	<u>2023</u>
Gross unconditional contributions and grants receivable	\$ 4,530,000	\$ 1,743,200
Unamortized discount	<u>(122,482)</u>	<u>(19,280)</u>
Contributions and grants receivable, net	<u>\$ 4,407,518</u>	<u>\$ 1,723,920</u>
Amounts due in:		
Less than one year	\$ 2,070,000	\$ 943,200
One to five years	<u>2,460,000</u>	<u>800,000</u>
	<u>\$ 4,530,000</u>	<u>\$ 1,743,200</u>

5. PROPERTY, PLANT AND EQUIPMENT - NET

The following is a summary of property and equipment as of December 31:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 6,633,424	\$ -
Leasehold improvements	-	121,994
Equipment	<u>65,742</u>	<u>-</u>
	6,699,166	121,994
Accumulated depreciation	<u>(15,470)</u>	<u>(10,808)</u>
Property and equipment, net	<u>\$ 6,683,696</u>	<u>\$ 111,186</u>

Depreciation expense was \$21,100 and \$5,630 for the year ended December 31, 2024 and 2023, respectively.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

5. PROPERTY, PLANT AND EQUIPMENT – NET (continued)

On December 6, 2024, the Organization purchased real estate in the form of a building and land located in Boston, Massachusetts. A portion of the building was leased and occupied by a commercial tenant, whose lease was terminated on December 20, 2024. The building is expected to have a useful life of 30 years and will be depreciated using the straight-line method. The Organization financed this property through issuance of certain tax-exempt bonds (Note 7).

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Specific purpose:		
Capital - Building	\$ 3,200,000	\$ -
Teen Homelessness	103,082	102,000
Buildout	83,750	118,956
Launchpad	60,000	-
Liftoff Program	56,500	-
Human Resources	45,163	-
Breaktime Community Fund	26,759	-
Double Impact	-	75,000
Passage of Time:		
Contributions Receivable	<u>3,756,832</u>	<u>1,998,000</u>
	<u>\$ 7,332,086</u>	<u>\$ 2,293,956</u>

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets for the years ended December 31, 2024 and 2023, were released from donor restrictions by satisfying the purpose or occurrence of the passage of time, as specified by the donors, as follows:

	<u>2024</u>	<u>2023</u>
Specific purpose:		
Capital - Building	\$ 3,125,000	\$ -
Double Impact	75,000	94,814
Stable Orbit	39,999	-
Buildout	35,205	8,834
Teen Homelessness	53,918	145,000
Human Resource	15,563	-
Program Staffing	13,716	67,500
Breaktime Community Fund	5,241	125,000
Career Planning	-	100,000
Intern	-	7,700
Launchpad	-	70,000
Liftoff Program	-	5,000
Program Expansion	-	5,000
Statewide Expansion	-	110,000
Teens	-	20,000
Transitional Employment	-	20,000
Workforce Development	-	25,000
Satisfaction of Time Restrictions:		
Contributions Receivable	1,204,719	787,799
Fiscal Year 2023	-	15,000
	<u>\$ 4,568,361</u>	<u>\$ 1,606,647</u>

7. BONDS PAYABLE

On December 6, 2024, the Massachusetts Development Finance Agency the “Issuer”) issued a 15-year \$3,500,000 Tax-Exempt Revenue Bond (“Series 2024A”) and a 3-year \$2,020,000 Tax-Exempt Revenue Bond (“Series 2024B”) in accordance with a Bond Purchase Agreement between the Organization and a participating bank. The bonds were issued pursuant to a Loan and Security Agreement (the "Agreement") by and between the Issuer, the Organization, the Bond owner and the Bank for the purpose of providing financing for acquisition of building and land and building improvements located at 63 Franklin Street, Boston, Massachusetts.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

7. BONDS PAYABLE (continued)

The proceeds of the Series 2024A bonds were applied to the purchase of the property at December 6, 2024 and the proceeds of the Series 2024B shall be drawn down from time to time to pay for building improvements. Series 2024B is limited by certain covenants. The outstanding balance of the Series 2024A and Series 2024B bonds at December 31, 2024 and 2023 was \$3,229,106 and \$0, respectively.

Interest rate on Series 2024A bond during the initial rate period of December 6, 2024 and ending on December 6, 2029 accrues interest at an initial fixed rate of 5.08% and thereafter the bond shall bear interest at the periodic fixed rate of interest per annum equal to the tax-exempt equivalency factor of then in effect multiplied by the Federal Home Loan Bank of Boston (FHLB) 5-year rate.

The bonds are secured by the land and building and substantially all the assets of the organization. Series 2024A and Series 2024B have maturity dates of December 6, 2039 and December 6, 2027, respectively. The bonds are subject to principal payments and optional redemption. For Series 2024A bond, the principal and interests are due and payable monthly, commencing January 6, 2025, prior to the maturity date, amortized over a 30-year period, with the balance of the outstanding principal amount due on the maturity date.

Bond issuance costs are capitalized and amortized on the straight-line basis over the life of the bonds. Bonds payable are reported in the statement of financial position at December 31, 2024 and 2023 net of unamortized bond issuance costs of \$270,894 and \$0, respectively.

Future maturities of bonds payable at December 31, 2024 are as follows:

<u>Year ending December 31:</u>		
2025	\$	50,335
2026		52,989
2027		55,784
2028		58,237
2029		61,797
Thereafter		3,220,858
		<u>3,500,000</u>
Deferred Financing Costs		<u>(270,894)</u>
TOTAL	\$	<u><u>3,229,106</u></u>

There was no interest expense for the years ended December 31, 2024 and 2023.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

8. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank balances at regional financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured balances at December 31, 2024 and 2023 of \$3,236,178 and \$2,000,469, respectively.

A concentration of credit risk in contributions and grants receivable exists when one client comprises 10% or more of the contributions and grants receivable balance. Three donors accounted for 72% of total contributions and grants receivable at December 31, 2024.

A concentration of credit risk in contributions and grants exists when one donor comprises 10% or more of total contributions. Two donors accounted for 53% of total contributions for the year ended December 31, 2024.

9. CORRECTION OF ERROR IN PRIOR PERIOD FINANCIAL STATEMENTS

The Organization has restated its previously issued 2023 financial statements in connection with contributions and grants revenue previously reported. The accompanying financial statements for 2023 have been restated to reflect the corrections. Accordingly, net assets at January 1, 2024, was reduced by \$265,000 as a result of adjustment to contributions and grants revenue.

The effect on the Organization's previously issued 2023 financial statements is summarized as follows:

Statement of financial position as of December 31, 2023

	Previously Reported	Increase (Decrease)	Restated
Contributions receivable	\$ 1,988,920	\$ (265,000)	\$ 1,723,920
Total current assets	3,610,623	(265,000)	3,345,623
Total assets	4,512,529	(265,000)	4,247,529
Net assets without donor restrictions	2,034,726	(265,000)	1,769,726
Total net assets	4,328,682	(265,000)	4,063,682
Total liabilities and net assets	4,512,529	(265,000)	4,247,529

Statement of activities for the year ended December 31, 2023

	Previously Reported	Increase (Decrease)	Restated
Grants and contributions without donor restrictions	\$ 2,531,454	\$ (265,000)	\$ 2,266,454
Total revenues and other support	4,837,293	(265,000)	4,572,293
Change in net assets	726,075	(265,000)	461,075
Net assets, end of year	4,328,682	(265,000)	4,063,682

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024 AND 2023

10. RETIREMENT PLAN

The Organization has a qualified salary reduction 401(k) retirement plan for all eligible employees (the Plan), as defined in the Plan agreement. Under the Plan, employees may contribute a percentage of their annual salary, not to exceed the limits set by the Internal Revenue Code. The Plan also provides a discretionary employer matching contribution, not to exceed 4% of eligible employee compensation. The retirement plan expense was \$91,418 and \$63,130 for the years ended December 31, 2024 and 2023, respectively.

11. RECLASSIFICATIONS

Certain amounts in the December 31, 2023 financial statements have been reclassified to conform to the current year's presentation.

12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2025, the date the financial statements were available to be issued. As of that date no events requiring disclosure or recognition were identified.