

**SIGHTS FOR HOPE
and
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)**

**Combined Financial Statements
and
Independent Auditor's Report**

June 30, 2025

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sights for Hope and
Sights for Hope Endowment Foundation
Allentown, Pennsylvania

Opinion

We have audited the accompanying combined financial statements of Sights for Hope and Sights for Hope Endowment Foundation (not-for-profit corporations), which comprise the combined statement of financial position as of June 30, 2025, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Sights for Hope and Sights for Hope Endowment Foundation as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sights for Hope and Sights for Hope Endowment Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Sights for Hope and Sights for Hope Endowment Foundation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sights for Hope and Sights for Hope Endowment Foundation'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.

Report on Summarized Comparative Information

We have previously audited the Sights for Hope and Sights for Hope Endowment Foundation's 2024 combined financial statements, and our report dated February 20, 2025, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Congbell, Rappold & Yasaita LLP

March 11, 2026

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2025
With Comparative Totals as of June 30, 2024**

	Sights for Hope	Endowment Foundation	Total 2025	Total 2024
ASSETS:				
Cash and Cash Equivalents	\$ 301,983	\$ -	\$ 301,983	\$ 174,176
Grants and Accounts Receivable (Note 3)	51,092	-	51,092	120,791
Annuities Receivable	41,648	-	41,648	53,196
Inventory	31,654	-	31,654	31,719
Prepaid Expense	1,006	-	1,006	1,078
Land, Building and Equipment (Note 7)	774,401	-	774,401	804,647
Beneficial Interest in Perpetual Trusts (Note 5)	707,136	-	707,136	679,859
Long-Term Investments (Note 4)	-	2,922,115	2,922,115	2,969,655
TOTAL ASSETS	\$ 1,908,920	\$ 2,922,115	\$ 4,831,035	\$ 4,835,121
LIABILITIES AND NET ASSETS:				
Accounts Payable	\$ 35,496	\$ -	\$ 35,496	\$ 42,703
Accrued Wages	53,169	-	53,169	89,934
Custodial Funds	3,083	-	3,083	2,187
Deferred Revenue	5,623	-	5,623	3
TOTAL LIABILITIES	97,371	-	97,371	134,827
NET ASSETS:				
Without Donor Restrictions	1,033,915	2,729,106	3,763,021	3,801,162
With Donor Restrictions (Note 9)	777,634	193,009	970,643	899,132
TOTAL NET ASSETS	1,811,549	2,922,115	4,733,664	4,700,294
TOTAL LIABILITIES AND NET ASSETS	\$ 1,908,920	\$ 2,922,115	\$ 4,831,035	\$ 4,835,121

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024**

	Without Donor Restrictions		With Donor Restrictions		2025	2024
	Sights for Hope	Endowment Foundation	Sights for Hope	Endowment Foundation	Total	Total
Revenues, Gains and Other Support						
Special Fund Raising Events	\$ 79,160	\$ -	\$ -	\$ -	\$ 79,160	\$ 59,747
Direct Cost of Events	11,873	-	-	-	11,873	6,272
Net Special Events Support	67,287	-	-	-	67,287	53,475
Resale - Merchandise and Aids	121,720	-	-	-	121,720	156,803
Cost of Goods Sold	113,060	-	-	-	113,060	119,514
	8,660	-	-	-	8,660	37,289
Governmental Support	362,062	-	25,000	-	387,062	366,132
Contributions	532,494	16,920	45,498	-	594,912	602,284
Contributed Nonfinancial Assets	5,202	-	-	-	5,202	2,490
Program Fees	46,224	-	-	-	46,224	42,092
Interest and Dividends	73	78,893	-	-	78,966	64,862
Insurance Proceeds	-	-	-	-	-	53,053
Loss on Disposal of Capital Assets	(833)	-	-	-	(833)	-
Realized Gain on Sale of Investments	-	116,495	-	-	116,495	83,305
Unrealized Gain on Investments	-	116,966	27,277	-	144,243	216,921
Total Revenues	1,021,169	329,274	97,775	-	1,448,218	1,521,903
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	26,264	-	(26,264)	-	-	-
Total Revenues, Gains and Other Support	1,047,433	329,274	71,511	-	1,448,218	1,521,903
Expenses:						
Program Services:						
Client and Patient Services	983,175	-	-	-	983,175	955,396
Prevention Services	103,579	-	-	-	103,579	96,152
Total Program Services	1,086,754	-	-	-	1,086,754	1,051,548
Supporting Services:						
Management and General	193,472	1,814	-	-	195,286	256,554
Fund Raising	132,808	-	-	-	132,808	294,824
Total Supporting Services	326,280	1,814	-	-	328,094	551,378
Total Expenses	1,413,034	1,814	-	-	1,414,848	1,602,926
Transfer to/from Foundation	375,000	(375,000)	-	-	-	-
Change in Net Assets	9,399	(47,540)	71,511	-	33,370	(81,023)
NET ASSETS AT BEGINNING OF YEAR	1,024,516	2,776,646	706,123	193,009	4,700,294	4,781,317
NET ASSETS AT END OF YEAR	\$ 1,033,915	\$ 2,729,106	\$ 777,634	\$ 193,009	\$ 4,733,664	\$ 4,700,294

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024**

<u>Cash Flows from Operating Activities:</u>	<u>2025</u>	<u>2024</u>
Change in Net Assets	\$ 33,370	\$ (81,023)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	57,120	69,522
Change in Value of Beneficial Interests in Perpetual Trusts	(27,277)	(44,894)
Unrealized Gain on Investments	(116,966)	(172,027)
Realized Gain on Sale of Investments	(116,495)	(83,305)
Noncash Donation of Land, Building and Equipment	-	(2,490)
Loss on Disposal of Capital Assets	833	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants and Accounts Receivable	69,699	(60,205)
Decrease in Annuities Receivable	11,548	14,206
(Increase) Decrease in Inventory	65	(15,083)
Decrease in Prepaid Expense	72	8,040
Increase (Decrease) in Accounts Payable	(7,207)	3,034
Increase (Decrease) in Accrued Wages	(36,765)	47,645
Increase in Custodial Funds	896	2,187
Increase (Decrease) in Deferred Revenue	5,620	(10,625)
	<u>(125,487)</u>	<u>(325,018)</u>
 <u>Cash Flows from Investing Activities:</u>		
Purchases of Land, Building and Equipment	(27,707)	(24,519)
Proceeds from Sales of Investments	896,683	569,489
Purchases of Investments	<u>(615,682)</u>	<u>(470,377)</u>
Net Cash Provided by Investing Activities	<u>253,294</u>	<u>74,593</u>
Net Increase (Decrease) in Cash and Cash Equivalents	127,807	(250,425)
Cash and Cash Equivalents at the Beginning of Year	<u>174,176</u>	<u>424,601</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 301,983</u>	<u>\$ 174,176</u>
 Supplemental Disclosure of Cash Flow Information		
Contributed Nonfinancial Assets:		
Equipment	<u>\$ -</u>	<u>\$ 2,490</u>

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024**

	Program Services		
	Rehabilitation and Social Services	Prevention Services	Total
Salaries	\$ 572,126	\$ 55,643	\$ 627,769
Payroll Taxes	47,180	4,444	51,624
Employee Benefits	52,596	5,214	57,810
Total Salaries and Related Expenses	671,902	65,301	737,203
Advertising/Marketing	-	-	-
Professional Fees	16,893	-	16,893
Bank and Merchant Fees	-	-	-
Supplies	26,000	3,955	29,955
Resale - Merchandise and Aids Cost of Goods Sold	113,060	-	113,060
Telephone/Internet/Website	29,458	3,591	33,049
Postage and Printing	5,464	97	5,561
Insurance	42,494	5,821	48,315
Occupancy	65,823	9,017	74,840
Local Travel	37,647	-	37,647
Dues, Conferences and Meetings	2,276	312	2,588
PAB Administrative Fee	24,524	8,191	32,715
Miscellaneous	3,357	306	3,663
Equipment Rental and Maintenance	9,310	1,276	10,586
Client Activities Expenses	4,329	-	4,329
Client Assistance Funds	2,000	-	2,000
Special Events	-	-	-
Total Expenses Before Depreciation	1,054,537	97,867	1,152,404
Depreciation	41,698	5,712	47,410
TOTAL EXPENSES BY FUNCTION	1,096,235	103,579	1,199,814
Less Expenses Included with Revenues on the Statement of Activities			
Resale- Merchandise and Aids Cost of of Goods Sold	(113,060)	-	(113,060)
Cost of Direct Benefits to Donors	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 983,175	\$ 103,579	\$ 1,086,754

See independent auditor's report and notes to financial statements.

<u>Supporting Services</u>				
<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>2025 Totals</u>	<u>2024 Totals</u>
\$ 60,909	\$ 65,689	\$ 126,598	\$ 754,367	\$ 845,466
3,597	7,200	10,797	62,421	68,558
7,002	8,907	15,909	73,719	93,328
71,508	81,796	153,304	890,507	1,007,352
-	17,195	17,195	17,195	33,498
84,947	-	84,947	101,840	114,339
5,998	-	5,998	5,998	5,167
2,455	1,718	4,173	34,128	31,436
-	-	-	113,060	119,514
3,591	15,402	18,993	52,042	55,733
97	986	1,083	6,644	46,838
7,485	4,075	11,560	59,875	54,219
9,017	6,313	15,330	90,170	84,993
-	-	-	37,647	43,519
2,547	218	2,765	5,353	7,014
-	-	-	32,715	32,765
653	214	867	4,530	865
1,276	893	2,169	12,755	10,566
-	-	-	4,329	4,650
-	-	-	2,000	450
-	11,873	11,873	11,873	6,272
189,574	140,683	330,257	1,482,661	1,659,190
5,712	3,998	9,710	57,120	69,522
195,286	144,681	339,967	1,539,781	1,728,712
-	-	-	(113,060)	(119,514)
-	(11,873)	(11,873)	(11,873)	(6,272)
<u>\$ 195,286</u>	<u>\$ 132,808</u>	<u>\$ 328,094</u>	<u>\$ 1,414,848</u>	<u>\$ 1,602,926</u>

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

1. Nature of Activities

Sights for Hope (“SFH”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. Founded in 1928 from the inspiration of the iconic educator and activist Helen Keller, it serves Pennsylvania’s Lehigh, Northampton, and Monroe counties and is a member of the Pennsylvania Association for the Blind (PAB). Sights for Hope’s call to action is the fact that people who live with visual impairments and blindness face unacceptable disparities with respect to personal independence and well-being. These inequalities are manifest particularly by increased challenges in accomplishing daily life activities; limited access to medical care, nutritious food, and other critical services; difficulties with emotional health, including depression; and decreased potential to learn successfully in school. When Sights for Hope removes key barriers to self-sufficiency, then people with visual impairments and blindness become empowered to achieve a greater equality of independence and quality of life for themselves. Sights for Hope’s services and programs teach adaptive skills to accomplish daily life activities; counter the effects of visual impairments; increase access to essential services, including medical care and healthy food; and advance solutions that enhance sight capabilities.

The Sights for Hope Endowment Foundation (the “Foundation”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania and was created for the benefit of Sights for Hope.

Principles of Combination

The combined financial statements include the accounts of Sights for Hope and Sights for Hope Endowment Foundation (the “Organizations”). The Foundation supports the operations and activities of SFH.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organizations’ combined financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis.

Basis of Presentation

The Organizations report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions—Net assets that are not subject to, or are no longer subject to, donor-imposed stipulations.

Net Assets With Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Revenue is recorded when earned. Revenue received in advance and not yet earned is recorded as deferred revenue. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organizations have adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates

The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donor Restrictions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without restrictions and reported in the combined statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying combined financial statements.

Gifts of property and equipment (or other long-lived assets) are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Cash and Cash Equivalents

For the purposes of the Combined Statement of Cash Flows, the Organizations consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude cash invested for long-term purposes.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

2. Summary of Significant Accounting Policies (Continued)

Grants and Accounts Receivable

The Organizations receive grants from state and local agencies to be used for specific programs. The excess of reimbursable expenditures of cash receipts is included in grants and accounts receivable at year-end. The Organizations believe their accounts receivable are collectible; accordingly, there was no provision for uncollectible accounts receivable at June 30, 2025 and 2024.

Allowance for Credit Losses

An allowance for credit losses for accounts receivable related to grants and other receivables is estimated based on current and future expected economic conditions, past experiences of losses, as well as an assessment of potential recoverability of the balance due. The Organizations review all receivables on an individual basis monthly and perform an analysis based on prior collection history, attempts to collect and current and future expected economic conditions. Using this information, the Organizations determine the probability of collection and calculate an estimate of potential loss and the probability of loss. For those accounts in which a loss is probable, the Organizations record a specific reserve through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable.

Annuities Receivable

The Organizations record annuities as income when they have received notification from the insurance company that they are the beneficiary of remaining annuity payments. Annuities receivable are measured at the current value of future payments at a discount rate of 2%. Management has reviewed the annuities receivable for collectability and determined that as of June 30, 2025, no allowance for uncollectable annuities is deemed necessary.

Inventory

Inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

Long-term Investments

Long-term investments are stated at fair value.

**SIGHTS FOR HOPE AND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

2. Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment

Land, building and equipment is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives. SFH typically capitalizes items costing or valued at \$500 or more.

	<u>Years</u>
Buildings and Improvements	10 - 50
Equipment	5
Vehicles	5

Deferred Revenue

Income from fundraising events is deferred and recognized in the period when the event is held.

Contributions

All contributions, legacies and bequests are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying combined statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organizations' program services and in their fund-raising campaigns.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Allocation of Expenses by Function

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organizations. Salaries, related benefits and taxes are allocated based on the percentage of time in which the employee worked in a particular department or supporting services. All other expenses are allocated directly to the program or supporting services or by an estimated percentage determined by management.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organizations are exempt from federal income tax under Internal Revenue Code 501(c)(3).

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organizations may recognize the tax benefits from an uncertain tax position only if it is more likely-than-not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organizations and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal year 2025.

The Organizations file their 990 with the United States Internal Revenue Service. The Organizations are generally no longer subject to examination by the Internal Revenue Service for years before 2023.

Prior Year Information

The combined financial statements include certain prior-year summarized comparative information in total but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' combined financial statements for the year ended June 30, 2024 from which the summarized information was derived.

3. Grants and Accounts Receivable

Grants and accounts receivable consist of the following:

	2025	2024
Miscellaneous Grants	\$ 15,154	\$ 50,154
Insurance Proceeds	-	48,013
Other	35,938	22,624
	\$ 51,092	\$ 120,791

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NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

4. Long-Term Investments

Cost and fair values of the investments are as follows:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
<u>Endowment Foundation Funds</u>				
Cash Held for Investment	\$ 352,119	\$ 352,119	\$ 221,115	\$ 221,115
Mutual Funds	1,967,760	2,569,996	2,263,269	2,748,540
	<u>\$ 2,319,878</u>	<u>\$ 2,922,115</u>	<u>\$ 2,484,384</u>	<u>\$ 2,969,655</u>

Investment fees have been netted against interest income and totaled \$19,869 and \$19,474 for the years ended June 30, 2025 and 2024, respectively.

	Endowment Foundation June 30,	
	2025	2024
Income	\$ 78,893	\$ 60,509
Realized Gain	116,495	83,305
Unrealized Gain	116,966	172,027
	<u>\$ 312,354</u>	<u>\$ 315,841</u>

5. Beneficial Interest in Perpetual Trusts

SFH is the beneficiary of certain perpetual trusts held and administered by a third party. The present value of the estimated future cash flows (as measured by the fair value of the underlying investments) is recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trust are recorded as unrestricted investment income.

The increase or decrease in the asset measured by the fair value of the asset is recorded as an unrealized gain or loss with donor restrictions in the Combined Statement of Activities.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

5. Beneficial Interest in Perpetual Trusts (Continued)

For the year end June 30, 2025 SFH recorded an unrealized gain in perpetual trust of \$27,277 compared to an unrealized gain of \$44,894 in 2024.

SFH also received distributions from the beneficial interest in perpetual trusts in the amount of \$23,829 and \$19,812 for the years ending June 30, 2025 and 2024, respectively, which is included in contributions without donor restrictions in the Combined Statement of Activities.

The value of SFH's interest in the perpetual trusts at June 30, 2025 and 2024 was \$707,136 and \$679,859 respectively.

6. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable. |

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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6. Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds and mutual funds: Valued at the net asset value (“NAV”) of shares held by the Organizations at year end.

Beneficial Interest in Perpetual Trusts: Sights for Hope is the beneficiary of certain perpetual trusts held and administered by others which are estimated at the fair value of the Sights for Hope’s share of the underlying assets, which approximates the expected future cash flows from the Trusts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organizations’ assets at fair value as of June 30, 2025 and 2024:

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 352,119	\$ -	\$ -	\$ 352,119
Mutual Funds	2,569,996	-	-	2,569,996
Beneficial Interest in Perpetual Trusts	-	-	707,136	707,136
	\$ 2,922,115	\$ -	\$ 707,136	\$ 3,629,251
	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 221,115	\$ -	\$ -	\$ 221,115
Mutual Funds	2,748,540	-	-	2,748,540
Beneficial Interest in Perpetual Trusts	-	-	679,859	679,859
	\$ 2,969,655	\$ -	\$ 679,859	\$ 3,649,514

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7. Land, Building and Equipment

Land, building, and equipment consist of the following:

	2025	2024
Land	\$ 82,500	\$ 82,500
Buildings and Improvements	1,344,090	1,344,090
Vehicles	144,766	175,821
Equipment	262,704	259,567
	1,834,060	1,861,978
Accumulated Depreciation	(1,059,659)	(1,057,331)
	\$ 774,401	\$ 804,647

Depreciation charged to expense was \$57,120 and \$69,522 for the years ended June 30, 2025 and 2024, respectively.

8. Endowment Funds

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Rather, the Pennsylvania uniform Principal and Income Act (Pennsylvania Act) governs the investment, use and management of the Foundation's endowment funds.

The Pennsylvania Act does not require the preservation of the fair value of a donor's original gift as of the gift date of a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. However, based on its interpretation of the Pennsylvania Act and relevant accounting literature, the Foundation classifies as net assets with donor restrictions held in perpetuity for reporting purposes: (i) the original value of gifts donated to the permanent endowment; (ii) the original value of subsequent gifts to the permanent endowment; and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure between 2% and 7% of the endowment fair value, determined at least annually and averaged over a period of three or more preceding years.

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8. Endowment Funds (Continued)

In accordance with the Pennsylvania Act, the Foundation has adopted endowment investment and spending policies which have been approved by the Board of Directors. The goal of the endowment investment policy is to provide a total return that preserves the long-term purchasing power of the endowment's assets, while providing an income stream to support the activities and mission of the Foundation through sufficient spending. To satisfy the total return objectives, the Foundation relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on equities-based securities and fixed income investments within prudent risk parameters. The Board adopted endowment spending policy releases endowment funds for operating use based on any donor-restricted purpose. The endowment funds are co-mingled with unrestricted long-term investments. The Board has adopted a spending policy based on the operating budget and is taken from the unrestricted investments. The endowment income is to be used for purposes with Sights for Hope's service area – which consist of Lehigh, Northampton, and Monroe counties in Pennsylvania. All investment income is withdrawn and used for such purposes.

As of June 30, 2025, the Board of Directors had board designated endowment funds of \$2,729,106 that are classified and reported as net assets without donor restrictions.

As of June 30, 2025, total endowment composition by net asset fund is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	2,729,106	-	2,729,106
	<u>\$ 2,729,106</u>	<u>\$ 193,009</u>	<u>\$ 2,922,115</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2024	\$ 2,776,646	\$ 193,009	\$ 2,969,655
Gifts and Contributions	16,920	-	16,920
Investment Income	78,893	-	78,893
Net Appreciation	233,461	-	233,461
Amounts Released for Operations	(376,814)	-	(376,814)
Balance at June 30, 2025	<u>\$ 2,729,106</u>	<u>\$ 193,009</u>	<u>\$ 2,922,115</u>

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8. Endowment Funds (Continued)

As of June 30, 2024, total endowment composition by net asset fund is:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	<u>2,776,646</u>	<u>-</u>	<u>2,776,646</u>
	<u>\$ 2,776,646</u>	<u>\$ 193,009</u>	<u>\$ 2,969,655</u>

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>
Balance at June 30, 2023	\$ 2,620,426	\$ 193,009	\$ 2,813,435
Gifts and Contributions	190,394	-	190,394
Investment Income	60,509	-	60,509
Net Appreciation	255,332	-	255,332
Amounts Released for Operations	<u>(350,015)</u>	<u>-</u>	<u>(350,015)</u>
Balance at June 30, 2024	<u>\$ 2,776,646</u>	<u>\$ 193,009</u>	<u>\$ 2,969,655</u>

9. Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Camp I CAN!	\$ 9,760	\$ 4,000
Transportation	-	22,000
Client Help Fund	-	264
Assistive Tech	32,280	-
C. Well Bunny Project	28,458	-
Perpetual Trusts	<u>707,136</u>	<u>679,859</u>
	777,634	706,123
Endowment Foundation- Investments Held in Perpetuity	<u>193,009</u>	<u>193,009</u>
	<u>\$ 970,643</u>	<u>\$ 899,132</u>

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10. Net Assets Released from Restrictions

Net assets released from restrictions consist of the following at June 30:

	2025	2024
Camp I CAN!	\$ 4,000	\$ -
Client Help Fund	264	-
Transportation	22,000	-
	\$ 26,264	\$ -

11. Contributed Nonfinancial Assets

Contributed nonfinancial assets are comprised of:

	Year Ended June 30,		Usage
	2025	2024	
CCTV's	\$ 5,000	\$ -	Programming
Miscellaneous	202	-	Programming
Vehicle	-	2,490	Programming
	\$ 5,202	\$ 2,490	

Contributed nonfinancial assets were valued at fair value at the date of donation. Contributed nonfinancial assets did not have any donor-imposed restrictions.

12. Advertising Expense

Advertising costs are expensed as incurred and were \$17,195 and \$33,498 for the year ended June 30, 2025 and 2024, respectively.

13. Lease Obligation

Sights for Hope leases office space under a one-year lease and equipment under various lease agreements which have been classified as operating leases. The equipment leases expire in various years through 2028. Management of the Organization has evaluated each lease agreement and has determined that they are immaterial to the financial statements as a whole and accordingly, no right of use assets or lease liabilities are presented in these financial statements. Rental expense was \$33,912 for each of the years ended June 30, 2025 and 2024.

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13. Lease Obligation (Continued)

Minimum lease payments under the operating leases are as follows:

June 30,			
2026	\$	32,904	
2027		3,818	
2028		2,086	
		38,808	
	\$	38,808	

14. Liquidity and Availability

The following tables reflect the Organizations' financial assets reduced by amounts not available for general expenditure within one year.

Financial assets are considered unavailable when not convertible to cash within one year or due to donors' restrictions.

	As of June 30, 2025		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 301,983	\$ -	\$ 301,983
Investments	-	2,922,115	2,922,115
Grants and Accounts Receivable	51,092	-	51,092
Less: Amounts with Donor Restrictions	(70,498)	(193,009)	(263,507)
	\$ 282,577	\$ 2,729,106	\$ 3,011,683
	As of June 30, 2024		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 174,176	\$ -	\$ 174,176
Investments	-	2,969,655	2,969,655
Grants and Accounts Receivable	120,791	-	120,791
Less: Amounts with Donor Restrictions	(26,264)	(193,009)	(219,273)
	\$ 268,703	\$ 2,776,646	\$ 3,045,349

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

15. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through March 11, 2026, the date on which the combined financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.