

NAZARETH FARM, INC.
REVIEWED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

CONTENTS

	Page
Independent Accountants' Review Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Nazareth Farm, Inc.
Salem, WV 26426

We have reviewed the accompanying financial statements of Nazareth Farm, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Nazareth Farm, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cava & Banko, PLLC
Certified Public Accountants

Bridgeport, WV
January 23, 2026

NAZARETH FARM, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash - checking	\$ 44,663	63,663
Cash - savings	488,864	581,427
Accounts receivable, net of allowance for doubtful accounts of \$11,672	229,876	211,361
Prepaid insurance	7,539	5,930
Total current assets	770,942	862,381
PROPERTY AND EQUIPMENT		
Land	26,281	26,281
Building	699,646	689,815
Furniture and fixtures	31,568	60,147
Leasehold improvements	71,552	71,552
Vehicles	125,353	125,353
Construction in progress	54,660	54,660
Total property and equipment	1,009,060	1,027,808
Less: Accumulated depreciation	(333,705)	(315,901)
Net property and equipment	675,355	711,907
TOTAL ASSETS	\$ 1,446,297	\$ 1,574,288
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 10,815	\$ 3,356
Deferred income	46,175	38,575
Total current liabilities	56,990	41,931
TOTAL LIABILITIES	56,990	41,931
NET ASSETS		
Net assets without donor restrictions	1,136,532	1,271,358
Net assets with donor restrictions	252,775	260,999
Total net assets	1,389,307	1,532,357
TOTAL LIABILITIES AND NET ASSETS	\$ 1,446,297	\$ 1,574,288

See accompanying notes and independent accountants' review report.

NAZARETH FARM, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	September 30, 2025			September 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS						
REVENUE AND SUPPORT						
Participant fees	\$ 96,300	\$ -	\$ 96,300	\$ 101,969	\$ -	\$ 101,969
Donations	122,056	3,200	125,256	259,444	3,473	262,917
Client income	45,165	-	45,165	64,679	-	64,679
Store income	10,038	-	10,038	12,165	-	12,165
Other income	523	-	523	2,441	-	2,441
Interest income	8,775	1,054	9,829	9,221	780	10,001
TOTAL REVENUE AND SUPPORT	<u>282,857</u>	<u>4,254</u>	<u>287,111</u>	<u>449,919</u>	<u>4,253</u>	<u>454,172</u>
EXPENSES						
Program expenses	366,657	12,479	379,136	369,284	17,295	386,579
General and administrative	51,025	-	51,025	89,474	-	89,474
TOTAL EXPENSES	<u>417,682</u>	<u>12,479</u>	<u>430,161</u>	<u>458,758</u>	<u>17,295</u>	<u>476,053</u>
OTHER INCOME/EXPENSES						
Gain on easement	-	-	-	300,000	-	300,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
CHANGE IN NET ASSETS	(134,825)	(8,225)	(143,050)	291,161	(13,042)	278,119
NET ASSETS, beginning of year	<u>1,258,590</u>	<u>273,767</u>	<u>1,532,357</u>	<u>973,080</u>	<u>281,158</u>	<u>1,254,238</u>
NET ASSETS, end of year	<u>\$ 1,123,765</u>	<u>\$ 265,542</u>	<u>\$ 1,389,307</u>	<u>\$ 1,264,241</u>	<u>\$ 268,116</u>	<u>\$ 1,532,357</u>

See accompanying notes and independent accountants' review report.

NAZARETH FARM, INC
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

SEPTEMBER 30, 2025

	<u>COMMUNITY PROJECTS AND SERVICE</u>	<u>YOUNG ADULT IMMERSION PROGRAM</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>TOTAL</u>
Client assistance	\$ 49,187	\$ -	\$ -	\$ 49,187
Community support	1,553	189	357	2,099
Debt forgiven	12,438	-	-	12,438
Food	-	22,612	-	22,612
Fundraising	-	-	7,974	7,974
Insurance	9,382	15,974	-	25,356
Maintenance	5,143	3,600	42,690	51,433
Office expenses	730	4,198	13,325	18,253
Payroll taxes and employee benefits	34,915	-	12,268	47,183
Postage, printing and publications	621	621	138	1,380
Professional fees	-	-	19,591	19,591
Salaries and wages	64,759	29,889	4,981	99,629
Travel	-	371	-	371
Telephone and utilities	7,173	7,173	-	14,346
Training	634	634	3,603	4,871
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Total expenses before depreciation	186,536	85,262	104,927	376,725
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation expense	53,437	-	-	53,437
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 239,972</u>	<u>\$ 85,262</u>	<u>\$ 104,927</u>	<u>\$ 430,161</u>

See accompanying notes and independent accountants' review report.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

SEPTEMBER 30, 2024

	<u>COMMUNITY PROJECTS AND SERVICE</u>	<u>YOUNG ADULT IMMERSION PROGRAM</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>TOTAL</u>
Client assistance	\$ 60,617	\$ -	\$ -	\$ 60,617
Community support	-	1,746	-	1,746
Debt forgiven	69,204	-	-	69,204
Food	25,081	-	-	25,081
Fundraising	-	-	19,349	19,349
Insurance	20,102	-	-	20,102
Maintenance	43,263	-	615	43,878
Nazareth Farm store	6,168	-	-	6,168
Office expenses	7,245	-	3,281	10,526
Payroll taxes and employee benefits	17,233	-	3,041	20,274
Postage, printing and publications	780	-	-	780
Professional fees	-	-	25,028	25,028
Salaries and wages	85,035	-	15,006	100,041
Travel	-	485	-	485
Telephone and utilities	-	11,945	-	11,945
Training	7,960	-	-	7,960
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Total expenses before depreciation	342,689	14,177	66,320	423,186
Depreciation expense	52,868	-	-	52,868
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Total expenses	\$ 395,556	\$ 14,177	\$ 66,320	\$ 476,053
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See accompanying notes and independent accountants' review report.

NAZARETH FARM, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
OPERATING ACTIVITIES		
Change in net assets	\$ (143,050)	\$ 278,119
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,437	52,868
(Gain) loss on sale of easement	-	(300,000)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(18,515)	33,336
(Increase) decrease in prepaid insurance	(1,609)	(408)
Increase (decrease) in accounts payable and accrued expenses	7,459	(665)
Increase (decrease) in deferred income	<u>7,600</u>	<u>(18,050)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(94,678)</u>	<u>45,200</u>
 INVESTING ACTIVITIES		
Purchase of property and equipment	(16,885)	(84,726)
Proceeds from sale of property and equipment	<u>-</u>	<u>215,000</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(16,885)</u>	<u>130,274</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(111,563)	175,474
 CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>645,090</u>	<u>469,616</u>
 CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 533,527</u>	<u>\$ 645,090</u>

See accompanying notes and independent accountants' review report.

NAZARETH FARM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Nazareth Farm, Inc., a nonprofit organization, founded in 1979 and incorporated in 1995, is a Catholic community established for the purpose of promoting, fostering and maintaining a Catholic Christian Community with the goal of transforming lives through a retreat experience of prayer, simplicity, community, and service rooted in the Gospel. The Organization provides home repair and other services to low-income residents of Doddridge, Harrison, Ritchie, and Tyler Counties, in West Virginia.

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment – It is the Organization’s policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at original cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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. The Organization reclassifies restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line and modified accelerated cost recovery system methods.

The useful lives employed in the computation of depreciation expense are as follows:

Building	39 years
Equipment	3 – 7 years

Classes of Net Assets

Net assets without donor restrictions – Net assets that are currently available under the direction of the Board, those designated by the Board for specific use and those invested in fixed assets.

Net assets with donor restrictions – Net donated assets that the donor has restricted the use of to a specific purpose, and perhaps timeline.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statement.

NAZARETH FARM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Contributions – Contributions are recognized when received and are classified as restricted or unrestricted depending on the existence and/or nature of any donor restrictions. When the donor restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported on the statement of activities as net assets released from restrictions. The Organization’s policy is to report all restricted contributions whose restrictions have been met during the reporting period in which the contribution is recognized, as unrestricted net assets.

Donated Services – The Organization has a substantial amount of unpaid volunteers who donate their time in helping carry out the Organization's mission. The value of these services is not reflected in the financial statements since it does not meet the criteria for contributions of services required to be recorded under SFAS No. 116. The Organization had approximately 249 and 274 participant volunteers who contributed a total of approximately 12,080 and 14,400 volunteer service hours for the years ended September 30, 2025 and 2024, respectively.

Other Income – Other income is recorded when earned and expenses are recorded when incurred, in accordance with the accrual basis of accounting.

Prepaid Insurance – Prepaid insurance is determined based on the effective dates of the policies.

Income Taxes – The Organization is not-for-profit and has received a favorable determination letter from the Internal Revenue Service stating that it is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and is further classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending September 30, 2021, 2022, 2023 and 2024 are subject to examination by the IRS, generally for three years after being filed.

Functional and Natural Allocation of Expenses – The costs of providing the various programs and supporting services have been detailed on a functional and natural classification basis in the statement of functional expenses and summarized in the statement of activities. Accordingly, certain natural classification costs have been allocated among the programs and supporting services benefited. Fundraising expenses of \$7,974 and \$19,349 for the years ended September 30, 2025 and 2024, respectively, are included in general and administrative expenses.

NAZARETH FARM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable arise from the Organization’s community services in home repairs and participant fees paid by volunteers, including groups from schools, churches and families. Nazareth Farm, Inc. purchases building supplies for individual jobs, then bills the homeowners anticipating reimbursement. Historically, only approximately 70% is collectible on home repairs.

Management determines the allowance account balance at the end of each fiscal year, based on their determination of collectability considering historical and individual account assessment factors. Accounts receivable outstanding after all collection efforts have failed are written off against the allowance account. Collections of costs previously written off are reported as debt recovery and shown as support and revenue on the statements of activities and changes in net assets.

Performance obligations are typically satisfied for home repairs when the work is complete; and are typically satisfied for participant fees when seminars or projects are over or completed.

Payment terms call for billed amounts to be paid when the invoice is received. Invoices are mailed before the start of seminars and after home repair projects are completed. Payments are generally refunded if an event is cancelled, but in some cases rescheduling of events results in a hold-over of prior payments, received for workshops and retreats. If the performance obligations for these seminar events are not fulfilled when a reporting period ends, such revenue is showed as a liability called deferred revenue.

NOTE C – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several banks located in West Virginia. The balances in the bank are insured by the FDIC up to \$250,000. The uninsured balance was \$14,449 at September 30, 2024. There was no uninsured balance as of September 30, 2025.

NOTE D – FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair values of the Organization’s financial instruments.

	<u>2025</u>		<u>2024</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets				
Cash	\$533,527	\$533,527	\$645,090	\$645,090
Accounts Receivable	\$229,876	\$229,876	\$211,361	\$211,361

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments.

Cash: The carrying value amounts reported in the statement of financial position approximate fair value.

Accounts receivable: The fair values of accounts receivable are based on management’s experience rates, and include a reserve for doubtful accounts.

NAZARETH FARM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE E – RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2025 and 2024 is cash resulting from a drive to raise funds to repair and improve farm property and buildings.

Temporarily restricted net assets are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Repair and improvements of farm property and buildings	<u>\$252,775</u>	<u>\$260,999</u>

NOTE F – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of September 30, 2025, the Organization had working capital of approximately \$713,952. Financial assets available for general expenditures within one year of the statement of financial position consist of the following as of September 30, 2025:

Cash, including donor-restrictions for program operations	\$533,527
Accounts receivable, net	<u>229,876</u>
	<u>\$763,403</u>

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$204,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE G – SUBSEQUENT EVENTS

Date of Management Evaluation – Management has evaluated subsequent events through January 23, 2026, the date on which the financial statements were available to be issued.