

THE FOUNDRY MINISTRIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024



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The report accompanying this deliverable was issued by Warren Averett, LLC.

**THE FOUNDRY MINISTRIES, INC.
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JUNE 30, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Foundry Ministries, Inc.

Opinion

We have audited the accompanying financial statements of The Foundry Ministries, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Foundry Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 The Foundry Ministries, 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 The Foundry Ministries, 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.

Warren Averett, LLC

Birmingham, Alabama
September 30, 2025

THE FOUNDRY MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash	\$ 813,388	\$ 764,278
Restricted cash	152,074	116,944
Inventory	275,080	284,397
Other current assets	203,820	110,110
Total current assets	1,444,362	1,275,729
PROPERTY AND EQUIPMENT, AT COST, NET OF ACCUMULATED DEPRECIATION	4,982,394	4,566,141
OPERATING RIGHT-OF-USE LEASE ASSETS	1,781,915	2,265,225
OTHER ASSETS		
Other assets	64,450	62,774
Investment in real estate	269,848	269,848
Total other assets	334,298	332,622
TOTAL ASSETS	\$ 8,542,969	\$ 8,439,717

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS		
	2025	2024
CURRENT LIABILITIES		
Line of credit	\$ 278,896	\$ 271,925
Accounts payable and accrued expenses	310,528	365,329
Accrued payroll and related taxes	44,367	39,323
Sales tax payable	39,686	38,134
Current portion of long-term debt	79,865	63,857
Current portion of operating lease and financing lease obligations	650,385	616,413
Total current liabilities	1,403,727	1,394,981
LONG-TERM DEBT	1,809,245	1,891,935
RIGHT-OF-USE OBLIGATIONS		
Financing right-of-use obligations	-	6,019
Operating right-of-use obligations	1,019,089	1,614,891
NET ASSETS		
With donor restrictions	277,074	116,944
Without donor restrictions	4,033,834	3,414,947
Total net assets	4,310,908	3,531,891
TOTAL LIABILITIES AND NET ASSETS	\$ 8,542,969	\$ 8,439,717

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions of cash	\$ 1,278,897	\$ 71,385	\$ 1,350,282
Grants	997,324	421,060	1,418,384
Auto center sales	61,779	-	61,779
Gifts in kind	154,070	-	154,070
Bargain center sales	5,269,367	-	5,269,367
Conferences, seminars and banquets	372,978	-	372,978
Other income	44,630	-	44,630
Program income	732,749	-	732,749
Gain on sale of property and equipment	19,200	-	19,200
	<u>8,930,994</u>	<u>492,445</u>	<u>9,423,439</u>
Net assets released from restrictions	<u>332,315</u>	<u>(332,315)</u>	<u>-</u>
Total revenue and support	9,263,309	160,130	9,423,439
EXPENSES			
Bargain centers	3,274,679	-	3,274,679
Recovery program	3,248,037	-	3,248,037
Administrative expenses	1,071,471	-	1,071,471
Fundraising expenses	1,050,235	-	1,050,235
Total expenses	<u>8,644,422</u>	<u>-</u>	<u>8,644,422</u>
INCREASE IN NET ASSETS	618,887	160,130	779,017
NET ASSETS AT BEGINNING OF YEAR	<u>3,414,947</u>	<u>116,944</u>	<u>3,531,891</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,033,834</u>	<u>\$ 277,074</u>	<u>\$ 4,310,908</u>

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions of cash	\$ 1,324,494	\$ -	\$ 1,324,494
Grants	852,137	-	852,137
Auto center sales	59,428	-	59,428
Bargain center sales	5,087,637	-	5,087,637
Conferences, seminars and banquets	492,608	-	492,608
Other income	20,809	-	20,809
Program income	804,135	-	804,135
Loss on sale of property and equipment	(932)	-	(932)
Total revenue and support	<u>8,640,316</u>	<u>-</u>	<u>8,640,316</u>
EXPENSES			
Bargain centers	3,320,156	-	3,320,156
Recovery program	2,956,314	-	2,956,314
Administrative expenses	910,453	-	910,453
Fundraising expenses	860,838	-	860,838
Total expenses	<u>8,047,761</u>	<u>-</u>	<u>8,047,761</u>
INCREASE IN NET ASSETS	592,555	-	592,555
NET ASSETS AT BEGINNING OF YEAR	<u>2,822,392</u>	<u>116,944</u>	<u>2,939,336</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,414,947</u>	<u>\$ 116,944</u>	<u>\$ 3,531,891</u>

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Bargain Centers</u>	<u>Recovery Program</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Advertising	\$ -	\$ -	\$ -	\$ 125,954	\$ 125,954
Alarm	12,894	39,281	-	-	52,175
Auto expense	143,418	91,982	11,968	46	247,414
Bank charges	-	130	21,548	-	21,678
Conferences	1,840	5,627	6,541	122	14,130
Contract labor	-	-	-	-	-
Copier	5,568	7,566	975	975	15,084
Cost of goods sold	68,080	-	-	-	68,080
Credit card fees	103,665	9,067	1,344	11,647	125,723
Curriculum	144	45,050	120	-	45,314
Depreciation	-	-	373,943	-	373,943
Donations	-	-	12,000	-	12,000
Employee benefits	12	-	1,721	-	1,733
Equipment expense	6,270	18,135	-	-	24,405
Events	-	-	540	179,210	179,750
Groceries	26	431,204	1,369	-	432,599
Insurance expense	174,465	210,541	54,959	35,774	475,739
Interest	53,571	54,851	26,763	13	135,198
Other	106,403	202,055	49,713	50,960	409,131
Printing and reproduction	2,630	356	230	211,815	215,031
Professional fees	16,627	138,414	115,131	-	270,172
Rent	663,863	-	-	-	663,863
Repairs and maintenance	25,158	137,788	1,006	-	163,952
Salaries and wages	1,509,653	1,412,095	340,329	383,729	3,645,806
Subscriptions	29,713	56,392	8,648	36,899	131,652
Utilities	335,728	336,118	13,326	8,314	693,486
Travel and entertainment	14,951	51,385	29,297	4,777	100,410
	<u>\$ 3,274,679</u>	<u>\$ 3,248,037</u>	<u>\$ 1,071,471</u>	<u>\$ 1,050,235</u>	<u>\$ 8,644,422</u>

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Bargain Centers</u>	<u>Recovery Program</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Advertising	\$ -	\$ -	\$ -	\$ 144,051	\$ 144,051
Alarm	14,705	41,225	-	-	55,930
Auto expense	154,317	90,745	3,493	-	248,555
Bank charges	-	151	20,565	-	20,716
Conferences	-	1,833	4,461	2,108	8,402
Contract labor	-	1,040	-	-	1,040
Copier	4,219	8,563	703	703	14,188
Cost of goods sold	6,271	-	-	-	6,271
Credit card fees	134,174	7,164	1,491	7,181	150,010
Curriculum	-	48,786	39	-	48,825
Depreciation	-	-	298,249	-	298,249
Donations	-	-	11,000	-	11,000
Employee benefits	1	-	1,892	-	1,893
Equipment expense	4,315	9,970	273	-	14,558
Events	-	170	-	139,807	139,977
Groceries	120	436,476	441	-	437,037
Insurance expense	169,061	178,917	34,194	26,576	408,748
Interest	55,606	57,891	29,100	24	142,621
Other	83,317	188,282	82,501	72,239	426,339
Printing and reproduction	1,708	726	738	69,939	73,111
Professional fees	16,050	117,224	53,421	14,050	200,745
Rent	709,202	-	5,685	-	714,887
Repairs and maintenance	51,247	155,328	1,601	171	208,347
Salaries and wages	1,529,171	1,185,966	306,795	307,307	3,329,239
Subscriptions	30,730	49,616	9,596	63,617	153,559
Utilities	342,274	358,354	14,640	8,782	724,050
Travel and entertainment	13,668	17,887	29,575	4,283	65,413
	<u>\$ 3,320,156</u>	<u>\$ 2,956,314</u>	<u>\$ 910,453</u>	<u>\$ 860,838</u>	<u>\$ 8,047,761</u>

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 779,017	\$ 592,555
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	373,943	298,249
Donated vehicles	(154,070)	-
(Gain) loss on disposal of property and equipment	(19,200)	932
Noncash lease expense	(84,539)	(55,818)
(Increase) decrease in assets:		
Inventory	9,317	(45,084)
Other current assets	(93,710)	(21,432)
Other assets	(1,676)	(2,386)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(54,801)	(161,168)
Accrued payroll and related taxes	5,044	8,111
Sales tax payable	1,552	3,124
Net cash provided by operating activities	<u>760,877</u>	<u>617,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	19,200	9,469
Purchases of property and equipment	(636,126)	(384,865)
Investment in real estate	-	(269,848)
Net cash used in investing activities	<u>(616,926)</u>	<u>(645,244)</u>

See notes to the financial statements.

**THE FOUNDRY MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change on line of credit	\$ 6,971	\$ 77,415
Repayment of long-term debt and capital lease obligations	<u>(66,682)</u>	<u>(71,792)</u>
Net cash (used in) provided by financing activities	<u>(59,711)</u>	<u>5,623</u>
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	84,240	(22,538)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>881,222</u>	<u>903,760</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u><u>\$ 965,462</u></u>	<u><u>\$ 881,222</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u><u>\$ 143,707</u></u>	<u><u>\$ 156,639</u></u>

See notes to the financial statements.

THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Foundry Ministries, Inc. (the Organization) operates a nonprofit, Christ-centered rescue mission, long-term addiction recovery center and re-entry program. Located in Bessemer, Alabama, the ministry provides shelter, food and clothing to more than 300 men and women in their 12- to 14-month residential recovery program at minimal cost to the individual. The Organization's outside support comes primarily from individual donor contributions. The Organization also derives a significant portion of its revenue from operating two bargain centers.

Basis of Financial Statement Preparation

The Organization uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its 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 include contributed net assets that are not subject to donor-imposed stipulations. Net assets with donor restrictions include contributed net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions support. Contributions are generally available without donor restrictions during the year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions 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 purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. The Organization has chosen to show restricted contributions when restrictions are met in the same reporting period as unrestricted support.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Cash

The Organization considers all liquid investments with a maturity date of three months or less when purchased to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Restricted Cash

The Organization maintains this cash from donors for scholarships or specified purposes from donors.

Inventory

Inventory, consisting of held-for-sale vehicles and donated inventory in the thrift stores, is recorded at fair market value at the time the inventory is contributed.

The Organization receives contributions of goods and materials (inventory) and processes these contributions as available-for-sale merchandise in its retail thrift stores. Financial accounting standards require that contributions received be recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions are measured at fair value.

The Organization believes that the inventory of the contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that the donated inventory has value. Accordingly, contributed goods and materials inventory are valued at zero prior to being offered for sale. The Organization considers the costs associated with bringing the donated inventory to sale (i.e., donation collection, transportation, sorting and pricing expenses) in its estimate of the fair value of inventory.

Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated market value at the date of gift. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in revenue and support. Depreciation is provided using the straight-line and accelerated methods based on the following estimated useful lives:

Furniture, fixtures and equipment	3 - 20 years
Vehicles	5 - 10 years
Buildings and improvements	5 - 40 years

Right-of-Use Assets and Lease Obligations

The Organization leases various buildings and equipment. The Organization determines if an arrangement is a lease at inception. Lease obligations are included in operating right-of-use (ROU) lease assets, current liabilities, and operating right-of-use obligations in the statements of financial position. Financing obligations are included in current liabilities and financing right-of-use obligations in the statements of financial position.

THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

ROU lease assets represent the Organization's right to use an underlying asset for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease.

Operating ROU assets and obligations are recognized at commencement date based on the present value of lease payments over the lease term. Financing leases are included in property and equipment, current portion of financing right-of-use obligations, and financing right-of-use obligations in the accompanying statements of financial position. The Organization uses their incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be a variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which primarily comprise common area maintenance and taxes, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to leases with an initial term of 12 months or less.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The allowance is based on experience and knowledge of current and future circumstances that may affect the ability of clients to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2025 and 2024, the allowance for credit losses was \$0. Accounts receivable is categorized in other current assets at June 30, 2025, totaling \$176,351 (\$77,752 at June 30, 2024).

Investment in Real Estate

The Organization has 59% ownership in real estate in which the former Organization's president and wife own the other 41%. At June 30, 2025 and 2024, the Organization maintained an investment in the real estate of \$269,848.

THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Fair Value Measurements

The Organization applies the guidance issued by the Financial Accounting Standards Board (FASB) regarding fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements regarding fair value measurements. This guidance also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under this guidance, fair value measurements are disclosed by level within that hierarchy.

Taxes Assessed by Governmental Authorities on Revenue

The Organization collects sales taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and cost of sales.

Tax Status

The Organization's revenues are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for amounts representing unrelated business revenues.

Uncertain Tax Positions

The Organization applies authoritative guidance relating to uncertainty in income taxes. This guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with this guidance, the Organization has assessed its tax positions and determined that it does not have any positions at June 30, 2025 and 2024, that it would be unable to substantiate. Under statute, the Organization is subject to IRS and state taxing authority review for tax years 2023 through 2024. The Organization has filed tax returns through 2024.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$125,954 for the year ended June 30, 2025 (\$144,051 for the year ended June 30, 2024).

Reclassifications

Certain reclassifications have been made to the 2024 financial statements presentation and accompanying notes to correspond to the current year's format. Such reclassifications had no effect on previously reported operations.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through September 30, 2025.

**THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

2. PROPERTY AND EQUIPMENT

Additions or deletions to property and equipment at June 30, 2025, are summarized by major classifications as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Furniture, fixtures and equipment	\$ 1,797,877	\$ 164,462	\$ (11,900)	\$ -	\$ 1,950,439
Vehicles	247,900	554,500	(34,251)	-	768,149
Buildings and improvements	5,745,105	71,234	-	-	5,816,339
Land	260,603	-	-	-	260,603
	<u>\$ 8,051,485</u>	<u>\$ 790,196</u>	<u>\$ (46,151)</u>	<u>\$ -</u>	8,795,530
Less accumulated depreciation					<u>3,813,136</u>
					<u>\$ 4,982,394</u>

Additions or deletions to property and equipment at June 30, 2024, are summarized by major classifications as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Furniture, fixtures and equipment	\$ 1,527,948	\$ 285,821	\$ (15,892)	\$ -	\$ 1,797,877
Vehicles	200,774	63,739	(16,613)	-	247,900
Buildings and improvements	5,709,800	35,305	-	-	5,745,105
Land	260,603	-	-	-	260,603
	<u>\$ 7,699,125</u>	<u>\$ 384,865</u>	<u>\$ (32,505)</u>	<u>\$ -</u>	8,051,485
Less accumulated depreciation					<u>3,485,344</u>
					<u>\$ 4,566,141</u>

Depreciation expense totaled \$373,943 for the year ended June 30, 2025 (\$298,249 for the year ended June 30, 2024).

3. LEASES

The Organization has operating and financing leases for various equipment and warehouses. The Organization leases have remaining lease terms of one to ten years, some of which may include options to extend the leases, and some of which may include options to terminate the leases.

THE FOUNDRY MINISTRIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Other information related to operating leases as of June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	<u>\$ 1,619,253</u>	<u>\$ 563,264</u>
Supplemental cash flows information:		
Operating cash flows from operating leases	<u>\$ 662,849</u>	<u>\$ 499,181</u>
Right-of-use assets obtained in exchange for lease obligations	<u>\$ 130,505</u>	<u>\$ 485,263</u>
Weighted average remaining lease term	4.87 years	5.56 years
Weighted average discount rate	3.27%	3.14%

Future minimum leases payments under noncancelable leases as of June 30, 2025, were as follows for operating and financing leases:

2026	\$ 693,915
2027	450,471
2028	244,251
2029	247,509
2030	123,178
Thereafter	<u>8,770</u>
Total future minimum lease payments	1,768,094
Less imputed interest	<u>(98,620)</u>
Total	<u>\$ 1,669,474</u>

Not included in the amounts above are leases with an initial term of 12 months or less. For the years ended June 30, 2025 and 2024, expense for such leases amounted to \$172,292 and \$267,001, respectfully.

4. REVOLVING LINE OF CREDIT

At June 30, 2025, the Organization had a \$500,000 revolving line of credit with a financial institution (\$500,000 at June 30, 2024). The revolving line of credit is unsecured and subject to renewal in July 2026. Interest on the revolving line of credit accrues at the bank's prime rate plus 1.50% over Index and is payable monthly. The actual rate charged was 9% at June 30, 2025 (10.90% at June 30, 2024). At June 30, 2025, the balance outstanding under the revolving line-of-credit agreement was \$278,896 (\$271,925 at June 30, 2024).

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5. LONG-TERM DEBT

Long-term debt at June 30, 2025 and 2024, consisted of the following:

	2025	2024
7.48% note payable – bank; due in monthly installments of \$14,302, including interest; maturing with a balloon payment due in March 2028; uncollateralized	\$ 1,392,425	\$ 1,455,792
2.75% note payable – bank; due in monthly installments of \$2,136, including interest; maturing in March 2050; collateralized by all tangible and intangible property	496,685	500,000
	1,889,110	1,955,792
Less current portion	79,865	63,857
	\$ 1,809,245	\$ 1,891,935

Following is a summary of principal maturities of long-term debt for each of the next five years and thereafter:

2026	\$ 79,865
2027	85,525
2028	1,264,233
2029	13,096
2030	13,461
Thereafter	432,930
	\$ 1,889,110

6. NET ASSETS CLASSIFICATIONS

Net assets consisted of the following as of June 30:

Detail of Net Assets	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Investment in property and equipment	\$ 3,205,725	\$ -	\$ 3,205,725
Undesignated	828,109	-	828,109
Subject to purpose restrictions	-	277,074	277,074
Total	\$ 4,033,834	\$ 277,074	\$ 4,310,908

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<u>Detail of Net Assets</u>	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Investment in property and equipment	\$ 2,638,251	\$ -	\$ 2,638,251
Undesignated	776,696	-	776,696
Subject to purpose restrictions	-	116,944	116,944
Total	\$ 3,414,947	\$ 116,944	\$ 3,531,891

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30 for the following years:

	2025	2024
Subject to purpose restriction:		
Scholarships	\$ 152,074	\$ 116,944
Instructions and sponsored programs	125,000	-
Total subject to purpose restriction	\$ 277,074	\$ 116,944

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donors, in the following amounts:

	2025	2024
Net assets released from restrictions:		
Scholarships	\$ 332,315	\$ -

7. RETIREMENT PLAN

The Organization sponsors a 401(k) plan for its full-time employees. Contributions made by the Organization are at the discretion of the Organization. During 2025, the Organization contributed \$1,733 to the plan (\$1,893 in 2024).

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8. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization’s financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable because they are either illiquid or not convertible to cash within one year; trust assets; assets held for others; or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	2025	2024
Financial assets, at year end*	\$ 1,141,813	\$ 958,974
Less assets unavailable for general expenditures within one year:		
Contractual or donor-imposed restrictions:		
Restricted by purpose or time	(277,074)	(116,944)
Total financial assets unavailable for general expenditure within one year	(277,074)	(116,944)
Financial assets available to meet cash needs for general expenditures within one year	\$ 864,739	\$ 842,030

* Total assets, less nonfinancial assets (e.g., PP&E, inventory, prepaids, etc.)

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to become available as its general expenditures, liabilities and other obligations come due. The Organization also has access to a \$500,000 line of credit with an interest rate of 9% at June 30, 2025 (10.90% at June 30, 2024) and outstanding balances of \$278,896 and \$271,925, at June 30, 2025 and 2024, respectively.

9. CONTRIBUTED NONFINANCIAL ASSETS

	2025	2024
Household goods and clothing	\$ 5,269,367	\$ 5,087,637
Vehicles	215,849	59,428
	\$ 5,485,216	\$ 5,147,065

Household Goods and Clothing

Contributed household goods and clothing were sold within the Organization’s thrift stores. The Organization believes that the inventory of the contributed goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. It is only through the value-added processes that prepare the donated inventory for sale that the donated inventory has value. Accordingly, contributed goods and

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materials inventory are valued at zero prior to being offered for sale. The Organization considers the costs associated with bringing the donated inventory to sale (i.e., donation collection, transportation, sorting and pricing expenses) in its estimate of the fair value of inventory. Proceeds from contributed household goods and clothing sold are valued according to the actual cash proceeds on their disposition. There were no associated donor restrictions.

Vehicles

It is the Organization's policy to sell all contributed vehicles immediately upon receipt unless the vehicle is restricted for use to a specific program by the donor. No vehicles received during the periods were restricted for use. Except for two vehicles, all were sold and valued according to the actual cash proceeds on their disposition.