

BREAKTIME UNITED, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

BREAKTIME UNITED, INC.
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DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Breaktime United, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breaktime United, Inc. as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Breaktime United, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management Responsibilities for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Breaktime United, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Breaktime United, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Lexington, Massachusetts
May 15, 2026

BREAKTIME UNITED, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
<u>ASSETS</u>		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,275,705	\$ 3,515,223
Accounts receivable	19,683	17,827
Contributions receivable, short term	1,430,000	2,070,000
Prepaid expenses	30,356	21,863
Other assets	52	19,331
Total current assets	4,755,796	5,644,244
Non-Current Assets		
Property and equipment, net of accumulated depreciation	8,614,736	6,683,696
Contributions receivable, long term, net	1,494,685	2,337,518
Security deposit	-	10,000
Total non-current assets	10,109,421	9,031,214
TOTAL ASSETS	\$ 14,865,217	\$ 14,675,458
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 70,130	\$ 141,409
Accrued payroll	70,800	28,720
Bonds payable, current	52,892	50,335
Deferred revenue	103,416	-
Total current liabilities	297,238	220,464
Long-term liabilities		
Bonds payable	3,135,024	3,178,771
TOTAL LIABILITIES	3,432,262	3,399,235
NET ASSETS		
Without donor restrictions	7,974,789	3,944,137
With donor restrictions	3,458,166	7,332,086
TOTAL NET ASSETS	11,432,955	11,276,223
TOTAL LIABILITIES AND NET ASSETS	\$ 14,865,217	\$ 14,675,458

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Grants and contributions	\$ 3,444,638	\$ 2,767,417	\$ 6,212,055	\$ 2,995,449	\$ 9,606,491	\$ 12,601,940
Program service revenue	103,416	-	103,416	56,225	-	56,225
In-kind support	17,778	-	17,778	8,900	-	8,900
Investment return, net	79,574	-	79,574	109,664	-	109,664
Other income	796,197	-	796,197	49,049	-	49,049
Released from restrictions	6,641,337	(6,641,337)	-	4,568,361	(4,568,361)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>11,082,940</u>	<u>(3,873,920)</u>	<u>7,209,020</u>	<u>7,787,648</u>	<u>5,038,130</u>	<u>12,825,778</u>
PROGRAM EXPENSES						
Program Services	<u>5,650,316</u>	<u>-</u>	<u>5,650,316</u>	<u>4,003,264</u>	<u>-</u>	<u>4,003,264</u>
TOTAL PROGRAM EXPENSES	<u>5,650,316</u>	<u>-</u>	<u>5,650,316</u>	<u>4,003,264</u>	<u>-</u>	<u>4,003,264</u>
SUPPORTING SERVICES						
General and administrative	779,629	-	779,629	853,031	-	853,031
Fundraising	<u>622,343</u>	<u>-</u>	<u>622,343</u>	<u>756,942</u>	<u>-</u>	<u>756,942</u>
TOTAL SUPPORTING SERVICES	<u>1,401,972</u>	<u>-</u>	<u>1,401,972</u>	<u>1,609,973</u>	<u>-</u>	<u>1,609,973</u>
TOTAL EXPENSES	<u>7,052,288</u>	<u>-</u>	<u>7,052,288</u>	<u>5,613,237</u>	<u>-</u>	<u>5,613,237</u>
CHANGE IN NET ASSETS	4,030,652	(3,873,920)	156,732	2,174,411	5,038,130	7,212,541
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	3,944,137	7,332,086	11,276,223	2,034,726	2,293,956	4,328,682
ADJUSTMENT TO REVENUE	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265,000)</u>	<u>-</u>	<u>(265,000)</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>3,944,137</u>	<u>7,332,086</u>	<u>11,276,223</u>	<u>1,769,726</u>	<u>2,293,956</u>	<u>4,063,682</u>
NET ASSETS, END OF YEAR	<u>\$ 7,974,789</u>	<u>\$ 3,458,166</u>	<u>\$ 11,432,955</u>	<u>\$ 3,944,137</u>	<u>\$ 7,332,086</u>	<u>\$ 11,276,223</u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 3,179,029	\$ 300,252	\$ 526,034	\$ 4,005,315
Building operations	774,574	68,095	8,512	851,181
Benefits	531,633	192,934	21,671	746,238
Payroll taxes	279,084	23,432	46,054	348,570
Professional fees	167,919	146,118	1,446	315,483
Depreciation	260,412	-	-	260,412
Software	144,496	19,065	5,702	169,263
Utilities	85,440	-	-	85,440
Supplies	45,663	7,859	2,517	56,039
Professional development	43,299	9,495	2,703	55,497
Events	40,974	6,617	7,704	55,295
Bad debt	50,412	-	-	50,412
Insurance	20,898	5,762	-	26,660
In-kind consultants	17,778	-	-	17,778
Miscellaneous	8,705	-	-	8,705
TOTALS	\$ 5,650,316	\$ 779,629	\$ 622,343	\$ 7,052,288

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 156,732	\$ 7,212,541
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	260,412	21,100
Loss on disposal of Leasehold improvements	-	105,556
Contributions of stock	-	(2,607)
Amortization of bond issuance costs	-	633
Changes in operating assets and liabilities:		
Accounts receivable	(1,856)	65,855
Contributions receivable	1,482,833	(2,683,598)
Prepaid expenses	10,786	(13,939)
Accounts payable and accrued expenses	(71,279)	28,161
Accrued payroll	42,080	(41,879)
Deferred Revenue	103,416	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,983,124</u>	<u>4,691,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of stock	-	2,607
Purchase of property and equipment	<u>(2,181,452)</u>	<u>(6,699,166)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,181,452)</u>	<u>(6,696,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	-	3,228,473
Payment of bonds	<u>(41,190)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(41,190)</u>	<u>3,228,473</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(239,518)	1,223,737
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,515,223</u>	<u>2,291,486</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,275,705</u>	<u>\$ 3,515,223</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ 179,089</u>	<u>\$ -</u>

See accompanying notes to financial statements.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024 AND 2024

1. NATURE OF ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

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

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

Cash and Cash Equivalents

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

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Organization has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due). Management closely monitors outstanding accounts receivable and records an allowance for credit losses for all amounts determined to be uncollectible. Balances that remain outstanding after reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. The allowance for credit losses was \$0 at December 31, 2025 and 2024.

Management believes that the historical loss information compiled provides a reasonable basis for estimating expected credit losses for trade receivables at December 31, 2025 and 2024, as the composition of receivables at those dates is consistent with the historical data, and the risk characteristics of its customers and business practices have not changed materially. Current and reasonably supported forecasted economic conditions are also considered generally favorable relative to those reflected in the historical information.

To adjust historical loss rates for differences in current conditions and expected economic trends, management estimated a minimal decrease in loss rates across all aging categories, which is not considered material. This estimate was developed based on management's knowledge of past experience under similar economic conditions. Applying this analysis, management determined that no allowance for expected credit losses was necessary at December 31, 2025 and 2024.

Contributions and Grants Receivable

Contributions and grants to be received in one year or less are reported at net realizable value. Contributions and grants to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value using a risk-adjusted discount rate assigned in the year the respective contribution originates. Thereafter, amortization of discounts are recorded as additional contributions and grants revenue. An allowance for uncollectible contributions and grants receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors. Contributions and grants are written off when deemed uncollectible. Total contributions written off amounted to \$50,412 and \$6,087 for the years ended December 31, 2025 and 2024, respectively. Gross contributions and grants receivable were \$3,060,000 and \$4,530,000 as of December 31, 2025 and 2024, respectively.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization capitalizes expenditures for property and equipment with a cost greater than \$1,000 and a useful life exceeding one year. Property and equipment acquired are recorded at cost at the date of acquisition. Maintenance and repair costs are expensed as incurred. Amortization is computed on the straight-line method over the estimated useful lives of the respective assets.

Property and equipment are depreciated over their estimated useful lives as follows:

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

Property and equipment are reviewed for impairment whenever there is a significant change in the use of an asset or other indicators of potential impairment. If the carrying amount of an asset is determined to be not recoverable, it is written down to its fair value. No impairments were recognized for the years ended December 31, 2025 and 2024.

Contributions and Grants

Contributions and grants, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give that are due beyond one year are discounted to present value using a risk-adjusted rate applicable in the year the contribution is made. The amortization of such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions on which they depend have been substantially met. Service fees are recognized as revenue when services are performed. Contributions and grants restricted by donors for the acquisition of long-lived assets, such as building improvements, furniture, fixtures, and equipment, are reported as net assets with donor restrictions. When the related assets are placed in service, the restrictions are considered satisfied, and net assets are reclassified to net assets without donor restrictions, reported as net assets released from restrictions in the statements of activities.

Conditional Grant

The Organization was awarded a multi-year grant totaling \$373,663 from the Massachusetts Community Health and Healthy Aging Funds to support the statewide Community Health Improvement Plan (CHIP) initiative. Annual installments range from \$70,282 to \$79,923 over the period October 1, 2022 through September 30, 2027. Under the terms of the agreement, funding for Years 2 through 5 is conditional upon the Organization's completion of certain activities and submission of required end-of-year reporting and the Grantor's satisfactory review of progress. The agreement also requires the Organization to carry out an approved scope of work, participate in evaluation and data-collection activities, and comply with certain budget and internal-control requirements. The Grantor retains the right to withhold future payments, cancel unpaid installments, or require the return of unexpended funds if conditions are not met.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grant (continued)

As of December 31, 2025, the Organization has recognized \$294,100 in revenue related to this award for which conditions have been met. The remaining \$79,563 represents a conditional promise to give that will be recognized as revenue as the Organization satisfies the remaining grant conditions.

Bond Issuance Costs

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

Estimates

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

Functional Allocation of Expenses

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

Interest Income

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

Other Income

Other income consists of an early termination fee from a lease agreement with tenants occupying the building acquired in 2024. No new property acquisitions occurred during the year.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

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

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

	2025	2024
Consulting	\$ 17,778	\$ 8,900
	\$ 17,778	\$ 8,900

The Organization’s policy for gifts-in-kind is to use the donated assets to support its mission. If a donated asset cannot be utilized in the normal course of operations, it is sold at its fair market value, as determined by an appraisal or specialist, depending on the type of asset.

Advertising

It is the policy of the Organization to expense advertising costs as incurred. Total advertising expense was \$142,798 and \$10,615 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to federal income tax. Income from activities unrelated to the Organization’s exempt purpose is subject to taxation as unrelated business income. The Organization is not classified as a private foundation under Section 509(a)(1) of the Internal Revenue Code.

The Organization evaluates uncertain tax positions using a "more likely than not" threshold for recognition, based on the technical merits of the position under applicable tax law. Unrecognized tax benefits, if any, are measured using a cumulative probability assessment, which aggregates the estimated tax liability for all uncertain positions. Interest and penalties, if assessed, are recorded as income tax expense. The Organization is not currently under examination by any taxing authority. The Organization has identified its tax-exempt status as its only significant tax position and has determined that this position does not give rise to any uncertainty requiring recognition.

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

3. LIQUIDITY AND AVAILABILITY

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

	2025	2024
Cash and cash equivalents	\$ 3,275,705	\$ 3,515,223
Contributions receivable due in less than one year	1,430,000	2,070,000
Accounts receivable	19,683	17,827
	4,725,388	5,603,050
Less donor-imposed restrictions for specific purposes or time	(1,430,000)	(2,070,000)
	\$ 3,295,388	\$ 3,533,050

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

4. CONTRIBUTIONS AND GRANTS RECEIVABLE - NET

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

	2025	2024
Gross unconditional contributions and grants receivable	\$ 3,060,000	\$ 4,530,000
Unamortized discount	(135,315)	(122,482)
Contributions and grants receivable, net	\$ 2,924,685	\$ 4,407,518
Amounts due in:		
Less than one year	\$ 1,430,000	\$ 2,070,000
One to five years	1,630,000	2,460,000
	\$ 3,060,000	\$ 4,530,000

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

5. PROPERTY, PLANT AND EQUIPMENT - NET

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

	2025	2024
Building and improvements	\$ 8,647,384	\$ 6,633,424
Furniture and Fittings	177,492	-
Equipment	65,742	65,742
	8,890,618	6,699,166
Accumulated depreciation	(275,882)	(15,470)
Property and equipment, net	\$ 8,614,736	\$ 6,683,696

Depreciation expense for the years ended December 31, 2025 and 2024 was \$260,412 and \$21,100, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2025 and 2024:

	2025	2024
Specific purpose:		
Capital - Building	\$ 1,050,000	\$ 3,200,000
Teen Homelessness	-	103,082
Buildout	-	83,750
Launchpad	-	60,000
Liftoff Program	-	56,500
Human Resources	-	45,163
Breaktime Community Fund	-	26,759
Time Restricted:		
Contributions Receivable	2,408,166	3,756,832
	\$ 3,458,166	\$ 7,332,086

BREAKTIME UNITED, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets for the years ended December 31, 2025 and 2024, were released from donor restrictions by satisfying the purpose or occurrence of the passage of time, as specified by the donors, as follows:

	<u>2025</u>	<u>2024</u>
Specific purpose:		
Capital - Building	\$ 4,453,750	\$ 3,125,000
Double Impact	-	75,000
Stable Orbit	-	39,999
Buildout	-	35,205
Teen Homelessness	-	53,918
Human Resource	45,163	15,563
Program Staffing	-	13,716
Breaktime Community Fund	26,759	5,241
Development	7,500	-
Launchpad	110,000	-
Liftoff Program	56,500	-
Young Adults	17,500	-
Workforce Partnership	21,500	-
Administrative	13,200	-
Satisfaction of Time Restrictions:		
Contributions Receivable	<u>1,889,465</u>	<u>1,204,719</u>
	<u>\$ 6,641,337</u>	<u>\$ 4,568,361</u>

7. BONDS PAYABLE

On December 6, 2024, the Massachusetts Development Finance Agency (the “Issuer”) issued a 15-year, \$3,500,000 Tax-Exempt Revenue Bond (Series 2024A) and a 3-year, \$2,020,000 Tax-Exempt Revenue Bond (Series 2024B) under a Loan and Security Agreement to provide financing for the acquisition of property and building improvements located at 63 Franklin Street, Boston, Massachusetts.

The bonds are secured by the related land, building, and substantially all other assets of the Organization.

At December 31, 2025 and 2024, the outstanding principal balance of the Series 2024A bonds totaled \$3,187,916 and \$3,229,106, respectively. The Series 2024B bonds had no outstanding principal balance at December 31, 2025 or 2024.

BREAKTIME UNITED, INC.
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7. BONDS PAYABLE (CONTINUED)

The Series 2024A bond bears interest at a fixed rate of 5.08% through December 6, 2039. Thereafter, the interest rate resets to a periodic fixed rate equal to the tax-exempt equivalency factor then in effect multiplied by the Federal Home Loan Bank of Boston five-year rate. Interest and principal are payable monthly, with principal amortized over a 30-year period and the bond maturing on December 6, 2039.

The Series 2024B bond matures on December 6, 2027.

Bonds payable are reported net of unamortized bond issuance costs of \$261,843 and \$270,894 at December 31, 2025 and 2024, respectively.

Future maturities of bonds payable at December 31, 2025, are as follows:

Year ending December 31:

2026	\$	52,989
2027		55,784
2028		58,237
2029		61,797
2030		65,057
Thereafter		3,155,895
		3,449,759
Deferred Financing Costs		(261,843)
TOTAL	\$	3,187,916

Interest expense for the years ended December 31, 2025 and 2024 was \$178,285 and \$0, respectively.

8. CONCENTRATION OF CREDIT RISK

The Organization maintains its bank balances at regional financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured balances at December 31, 2025 and 2024 of \$2,987,276 and \$3,236,178, respectively.

A concentration of credit risk in contributions and grants receivable exists when one client comprises 10% or more of the contributions and grants receivable balance. At December 31, 2025 and 2024, three donors accounted for 59% and 72% of total contributions and grants receivable, respectively.

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8. CONCENTRATION OF CREDIT RISK (CONTINUED)

A concentration of credit risk in contributions and grants exists when a single donor accounts for 10% or more of total contributions. For the years ended December 31, 2025 and 2024, one and three donors accounted for 15% and 72% of total contributions, respectively.

9. RETIREMENT PLAN

The Organization maintains a qualified salary reduction 401(k) retirement plan (the “Plan”) for all eligible employees, as defined in the Plan documents. Employees may contribute a portion of their annual salary, subject to Internal Revenue Code limits. The Plan provides for a discretionary employer matching contribution, not to exceed 4% of eligible employee compensation. Plan contributions are expensed as incurred. Retirement plan expense totaled \$96,872 and \$91,418 for the years ended December 31, 2025 and 2024, respectively.

10. RECLASSIFICATIONS

The statement of functional expenses for the year ended December 31, 2025, is not directly comparable to the prior period due to changes in expense coding and remapping implemented during the current year.

11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 15, 2026, the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified.