

THE REACH PROJECT

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
The REACH Project

We have reviewed the accompanying financial statements of the REACH Project (a nonprofit organization), which comprise the statement of assets, liabilities and net assets—modified cash basis as of December 31, 2024, and the related statement of revenues, expenses and changes in net assets—modified cash basis for the year 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 management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements 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 the modified cash basis of accounting; this includes determining that the modified cash basis is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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

Accountant's 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The REACH Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Thompson, Derrig & Craig, PC

THOMPSON, DERRIG & CRAIG, PC

March 7, 2025

Ronnie Craig, CPA | Dillard Leverkus, CPA
Lyn Kuciemba, CPA | James Larkin, CPA | AJ Taylor, CPA | R. Logan Kendrick, CPA, ABV

THE REACH PROJECT
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS--
MODIFIED CASH BASIS
DECEMBER 31, 2024

ASSETS

Current assets:	
Cash and cash equivalents	\$ 399,677
Total current assets	<u>399,677</u>
Other assets:	
Shipping containers	<u>35,000</u>
TOTAL ASSETS	<u>\$ 434,677</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accrued expenses	\$ -
Total current liabilities	<u>-</u>
Net assets:	
Without donor restrictions	326,054
With donor restrictions	<u>108,623</u>
Total net assets	<u>434,677</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 434,677</u>

See independent accountant's review report and notes to financial statements.

THE REACH PROJECT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS--
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 35,071	\$ 12,400	\$ 47,471
Special events	233,887	-	233,887
Interest income and other	3,709	-	3,709
Net assets released from purpose restriction	15,811	(15,811)	-
Total support and revenue	288,478	(3,411)	285,067
EXPENSES			
Program services:			
Salaries and related costs	71,020	-	71,020
Homeownership program	3,211	-	3,211
Entrepreneurship program	15,850	-	15,850
Contract services	25,723	-	25,723
Marketing	11,618	-	11,618
Student organizations	7,291	-	7,291
Other program	3,510	-	3,510
	138,223	-	138,223
Management and general:			
Salaries and related costs	157,684	-	157,684
Insurance	1,758	-	1,758
Licenses and subscriptions	4,069	-	4,069
Professional development	2,223	-	2,223
Professional fees	1,485	-	1,485
Miscellaneous	2,131	-	2,131
	169,350	-	169,350
Fundraising	25,037	-	25,037
Total expenses	332,610	-	332,610
Change in net assets	(44,132)	(3,411)	(47,543)
Net assets, beginning of year	370,186	112,034	482,220
Net assets, end of year	\$ 326,054	\$ 108,623	\$ 434,677

See independent accountant's review report and notes to financial statements.

THE REACH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,2024

Note A – Summary of Significant Accounting Policies

Overview of Organization

The Reach Project (the Organization) is a not-for-profit corporation chartered by the State of Texas in 2017. The Organization's mission is to strengthen the fabric of the community by establishing meaningful relationships to eliminate social and financial inequities in college towns and beyond. The Reach Project is governed by a volunteer board of directors.

Basis of accounting and presentation

The Organization presents its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The modified cash basis differs from GAAP in that, with the exception of accrued payroll taxes, receivables and payables are not accrued. As such, revenue and expenses are recorded as paid.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

See independent accountant's review report.

THE REACH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,2024

Note A – Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recognized when received. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Cash and cash equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Use of estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with the modified cash basis of accounting. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying amounts of cash equivalents and current liabilities approximate fair value because of the short maturity of those instruments.

Expense recognition and allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of revenues, expenses and changes in net assets—modified cash basis. For the year ended December 31, 2024, only salaries and related costs were allocated between program and management and general based on management's estimate of time spent on those activities. All other expenses were considered to be directly program expenses, directly management and general expenses, or directly fundraising expenses.

Note B – Tax Status

The Reach Project is a tax-exempt non-profit organization under Internal Revenue Code 501(c)(3). In addition, the Organization has been classified as an organization that is not a private foundation under Section 529(a)(2). The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

See independent accountant's review report.

THE REACH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

Note C – Liquidity and Availability

The following reflects the Organization's financial assets of December 31, 2024 reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of assets, liabilities and net assets date:

Cash and cash equivalents	\$ 399,677
Less financial assets held to meet donor-imposed restrictions	<u>(108,623)</u>
Amount available for general expenditures within one year	<u><u>\$ 291,054</u></u>

As part of its liquidity management, the Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due. The board of directors directs excess funds to a savings account, as deemed prudent and necessary.

Note D – Shipping Containers

Prior to 2022, the Organization has paid \$35,000 to fund the construction of a clinic to the A&M campus to house a health and wellness center for the people they serve. As of December 31, 2024, the assets have not been placed in service and are, therefore, not being depreciated.

Note E – Restrictions on Net Assets

Net assets with donor restrictions consist of the following as of December 31, 2024:

Purpose:	
Howdy Clinic	\$ 10,000
Entrepreneurship	7,754
Homeownership	<u>55,369</u>
	73,123
Time:	
Special events	<u>35,500</u>
	<u><u>\$ 108,623</u></u>

Note F – Donated Services

During the year ended December 31, 2024, the Organization received the use of office space and office equipment from The McFerrin Center for Entrepreneurship at Texas A&M University. No amount of contributed services has been recognized in the accompanying financial statements due to the difficulty in estimating the actual space and equipment used by Organization personnel.

See independent accountant's review report.

THE REACH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31,2024

Note G – Concentrations

At various times in the course of a year, the amount of cash and cash equivalents on deposit with banks exceeds the FDIC insured limit of \$250,000. The Organization has not experienced any losses in connection with these accounts and believes it is not exposed to any significant credit risk related to cash. As of December 31, 2024, all cash accounts were below the insured limit.

The Organization operates in a limited geographic area and could be significantly impacted by any future economic fluctuations in Brazos County, Texas. In addition, the Organization received contributions from two donors that comprised approximately 32% of total revenue during 2024.

Note H – Subsequent Events

In December 2024, the Organization was awarded a \$1,200,000 grant from the Darwood Foundation to support essential staff capacity building. The grant is scheduled to be awarded in three annual installments of \$400,000 each. The first installment was received in January 2025. As the accompanying financial statements are presented on a modified cash basis, no accruals or revenue associated with this grant award have been recognized in 2024.

The Organization's management has evaluated subsequent events through March 7, 2025, which is the date the financial statements were available to be issued.