

Reviewed Financial Statements

Candorful, Inc.

December 31, 2023

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 15, 2024
To the Board of Directors
Candorful, Inc.
Malden, MA

We have reviewed the accompanying financial statements of Candorful, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows 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 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 Candorful, 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.

Betro and Company, P.C.
BETRO AND COMPANY, P.C.
Certified Public Accountants

CANDORFUL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 258,902
Contributions receivable	7,500
Prepaid and other current assets	950
Total current assets	<u>267,352</u>

FIXED ASSETS

Equipment	4,009
Less: accumulated depreciation	2,985
Total fixed assets	<u>1,024</u>

Total assets	\$ <u>268,376</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ <u>5,563</u>
Total current liabilities	<u>5,563</u>

Total liabilities	<u>5,563</u>
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NET ASSETS

Without donor restrictions	262,813
With donor restrictions	-
Total net assets	<u>262,813</u>

Total liabilities and net assets	\$ <u>268,376</u>
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See accompanying notes and independent accountants' review report.

CANDORFUL, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support:			
Contributions	\$ 21,010	\$ -	\$ 21,010
Grants and sponsorships revenue	155,316	57,500	212,816
Contributions of information technology licenses	24,000		24,000
In-kind contributions of services	316,752		316,752
Dividends and interest income	3,432	-	3,432
Net assets released from restrictions	<u>57,500</u>	<u>(57,500)</u>	<u>-</u>
Total support and revenue	<u>578,010</u>	<u>-</u>	<u>578,010</u>
Expenses:			
Program services	499,420	-	499,420
Management, general and administrative	14,093	-	14,093
Fundraising	<u>14,172</u>	<u>-</u>	<u>14,172</u>
Total expenses	<u>527,685</u>	<u>-</u>	<u>527,685</u>
Change in net assets	50,325	-	50,325
Net assets, beginning of year	<u>212,488</u>	<u>-</u>	<u>212,488</u>
Net assets, end of year	\$ <u>262,813</u>	\$ <u>-</u>	\$ <u>262,813</u>

See accompanying notes and independent accountants' review report.

CANDORFUL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 126,761	10,318	10,318	\$ 147,397
Payroll taxes	<u>10,178</u>	<u>828</u>	<u>828</u>	<u>11,834</u>
	136,939	11,146	11,146	159,231
Advertising, marketing and payment platform	-	-	3,026	3,026
Depreciation	273	-	-	273
Insurance	-	872	-	872
Professional fees	8,357	-	-	8,357
Office supplies	-	125	-	125
Technology expense	37,099	-	-	37,099
Shipping and delivery expense	-	209	-	209
Taxes and permits	-	1,028	-	1,028
In kind contributed services	316,752	-	-	316,752
Travel and entertainment	-	414	-	414
Miscellaneous expenses	<u>-</u>	<u>299</u>	<u>-</u>	<u>299</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>499,420</u>	\$ <u>14,093</u>	\$ <u>14,172</u>	\$ <u>527,685</u>

See accompanying notes and independent accountants' review report.

CANDORFUL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 50,325
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	273
(Decrease) in:	
Contributions receivable	7,500
Prepaid and other current assets	(950)
Increase in:	
Accrued expenses	1,313
Net cash flows provided by operating activities	58,461
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,461
CASH AND CASH EQUIVALENTS	
CASH, beginning of year	200,441
CASH AND CASH EQUIVALENTS	
CASH, end of year	\$ 258,902
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	\$ -

See accompanying notes and independent accountants' review report.

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. Nature of the Operations

Candorful, Inc. ("Candorful, Inc." or the "Organization"), an incorporated not-for-profit organization organized under the laws of the Commonwealth of Massachusetts on September 27, 2017, was established to provide career placement assistance, including coaching, practice, and preparation for transitioning military veterans and other underrepresented / at-risk populations and their families, enabling them to build skills necessary to articulate their non-traditional experience to civilian recruiters and hiring managers, and to obtain jobs that leverage their non-traditional experience. In addition, the Organization created an online platform to provide access to the Organization's coaching team from any location including military deployment locations. The Organization does business as Candorful, Inc. in Massachusetts. The Organization is a 501(c) (3) public charity and exempt from federal and state taxes. Donations to the Organization are tax deductible. Additional information on the organization, and its programs and activities may be found on its website: www.candorful.org.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of Candorful, Inc., is presented to assist in understanding Candorful, Inc.'s financial statements. The financial statements and notes are the representation of Candorful, Inc.'s management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") and have been consistently applied in the preparation of these financial statements.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses for the reporting period. Actual results could differ from those estimates.

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. **Summary of Significant Accounting Policies (continued)**

Cash and cash equivalents

For financial statement purposes, Candorful, Inc. considers all short-term investment and debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Candorful, Inc. accounts for bad debts using the allowance method. In estimating the allowance for doubtful accounts, management considers several factors relating to collectability of its receivables, including past charge-offs and its contractual rights. Candorful, Inc. does not have any trade receivables classified as "held for sale" and does not charge interest on overdue accounts. Trade receivables are written-off when management determines that further collection efforts will not result in any material recoveries. Accounts are considered past due on an individual basis according to specific terms. At December 31, 2023, there was no accounts receivable balance.

Contribution Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue.

Contribution and Grant Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. Unconditional promises to give, with payments due to the Organization beyond one year, are recorded as net assets with donor restrictions at the estimated present value of the expected future cash flows using the Organization's borrowing rate. Amortization of the discounts is recorded as contribution revenue in the appropriate net asset class. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated Facilities, Services and Materials

Donated facilities, services and materials are recorded at the estimated fair value provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills, in the period in which they are received, in accordance with GAAP.

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. **Summary of Significant Accounting Policies (continued)**

Property and equipment

Property and equipment is stated at cost. Candorful, Inc. generally capitalizes the property and equipment whose cost exceeds \$1,000 and estimated useful life exceeds one year. Property and equipment acquired with grant proceeds or for a specific program purpose are evaluated on a case by case basis to determine if capitalization is appropriate. When assets are sold or otherwise disposed, the cost and related accumulated depreciation are removed from the related accounts. The resulting gains, reflected in revenues and support, or losses, reflected as a separate category of expenses, are then recognized, except on assets traded where the undepreciated book value of the asset traded is added to the depreciable basis of the new asset acquired. Expenditures for normal maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed in the year incurred, while major renewals are capitalized. Property and equipment that is donated to Candorful, Inc. is recorded as a contribution at fair value on the date of the donation. Such donations are reported as increases in unrestricted net assets 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 assets must be maintained, Candorful, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Depreciation

The cost (or fair value for donated assets) of property and equipment is depreciated using straight line over the estimated useful lives (5 to 39 years) of the related assets.

Impairments

In accordance with GAAP, Candorful, Inc. assesses the impairment of its assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. The determination of related estimated useful lives and whether or not these assets are impaired involves significant judgments, related primarily to the future profitability and/or future value of the assets. Candorful, Inc. records an impairment charge if it believes an asset has experienced a decline in value that is other than temporary.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activity. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated absences.

Employees of Candorful, Inc. are entitled to paid time off (vacation, personal, sick time) depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. Candorful, Inc.'s policy is to recognize the costs of compensated future absences when actually paid to employees. Accumulation of unused paid time off is not permitted beyond December 31 of each year.

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. **Summary of Significant Accounting Policies (continued)**

Income taxes and tax status

Candorful, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes has been made in these financial statements. Candorful, Inc. is not classified as a private foundation.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

Recent Pronouncements

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requires not-for-profits (NFPs) to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU No. 2020-07 requires NFPs to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. The Organization adopted this standard on January 1, 2022 on a retrospective basis. The adoption of the standard included a presentation of a separately stated contributions of nonfinancial assets as a category within support and revenue in the statement of activities and changes in net assets, as well as enhanced disclosures.

In February 2016, the Financial Accounting Standards Board ("FASB") Issued *Accounting Standards Update 2016-02, Leases (Topic 842)*. Under the amendments in this ASU, a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. This ASU was originally effective for fiscal years beginning after December 15, 2019. In July 2019, the FASB approved a proposal to defer, for one year, the implementation of this ASU for nonpublic companies and in May 2020, the FASB approved an additional one year deferral. This ASU will now be effective for fiscal years beginning after December 15, 2021. The Organization has not entered into any lease arrangements for the year ended December 31, 2023.

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. In-kind Donations

Contributions of nonfinancial services include contributed services, as described below.

Contributed services are reported at fair value in the Organization's financial statements when those services (1) create or enhance nonfinancial assets, (2) require specialized skills provided by individuals possessing those skills and services that would be typically purchased if not provided by the donation, and (3) are professional in nature, and have been agreed to in advance. Contributed services are reported as contributions of nonfinancial services revenue and in-kind services expense in the statement of activities and changes in net assets. Fair value is estimated based on current local rates for similar services.

A number of volunteers make contributions of their time in the furtherance of the Organization's mission. The value of this contributed time is not reflected in the accompanying financial statements, as the criteria has not been met.

For the year ended December 31, 2023, total in-kind donations which have been recorded in the accompanying financial statements consists of the following:

Donated coaching services	<u>\$ 316,752</u>
Total in-kind donations	<u>\$ 316,752</u>

4. Contribution Receivable

At December 31, 2023, contributions are expected to be realized in the following time frame:

Due within one year	\$ 7,500
Due two to five years	<u>0</u>
Subtotal	7,500
Discount to present value	<u>0</u>
Contribution receivable	<u>\$ 7,500</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31, 2023:

<u>Description</u>	
Time and purpose restricted for educational programs	\$ 0
Time restriction	0
Purpose restriction	<u>0</u>
Total net assets with donor restrictions	<u>\$ 0</u>

CANDORFUL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consists of:

Cash and cash equivalents	\$ 258,902
Contributions receivable	<u>7,500</u>
Total	<u>\$ 266,402</u>

The Organization has a goal to maintain at least six months of cash on hand to meet expenditures as of their year-end, which it has attained as of December 31, 2023.

7. Concentration of Credit Risk

Candorful, Inc. maintains cash balances at certain banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances at December 31, 2023, did not exceed the insured limit.

8. Subsequent Events

Management has evaluated subsequent events through June 15, 2024, which is the date financial statements were available to be issued. No other matters require disclosure.