

Cincinnati Works, Inc.
Financial Statements
with Independent Auditor's Report
December 31, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Cincinnati Works, Inc.

Opinion

We have audited the financial statements of Cincinnati Works, Inc. (the 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 accompanying financial statements present fairly, in all material respects, the financial position of Cincinnati Works, 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Cincinnati Works, 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 Organization's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's 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 GAAS 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 GAAS, 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 Organization'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 Organization'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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
August 19, 2026

Cincinnati Works, Inc.
Statements of Financial Position
As of December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 923,811	\$ 900,744
Investments	3,093,041	3,121,443
Accounts receivable	105,624	238,370
Contribution receivable, net of discount	1,245,986	1,351,960
Prepaid expenses and other assets	21,402	40,204
Furniture and equipment, net	18,802	53,027
Operating right-of-use assets	276,008	450,198
Total assets	\$ 5,684,674	\$ 6,155,946
Liabilities and net assets		
Liabilities		
Account payable	-	23,430
Accrued expenses	194,494	202,279
Lease liabilities	289,027	469,518
Total liabilities	483,521	695,227
Net assets		
Without donor restrictions	2,520,130	2,488,808
With donor restrictions	2,681,023	2,971,911
Total net assets	5,201,153	5,460,719
Total liabilities and net assets	\$ 5,684,674	\$ 6,155,946

See accompanying notes to the financial statements.

Cincinnati Works, Inc.
Statements of Activities
For the years ended December 31, 2025 and 2024

	2025	2024
Change in net assets without donor restrictions		
Revenues, gains and other support:		
Contributions and grants	\$ 2,233,143	\$ 2,606,532
Employer fees	859,103	942,604
Investment return, net	243,747	310,967
Contributed goods and services	111,992	112,742
Net assets released from restrictions	1,484,416	1,391,667
Other income	19,018	3,739
Total revenues, gains and other support	4,951,419	5,368,251
Expenses:		
Program services	3,480,096	3,088,813
Management and general	1,085,427	1,768,116
Fundraising	354,574	363,118
Total expenses	4,920,097	5,220,047
Change in net assets without donor restrictions	31,322	148,204
Change in net assets with donor restrictions		
Revenues and other support		
Other contributions and grants	1,193,528	1,116,952
Net assets released from restrictions	(1,484,416)	(1,391,667)
Change in net assets with donor restrictions	(290,888)	(274,715)
Changes in net assets	(259,566)	(126,511)
Net assets at beginning of year	5,460,719	5,587,230
Net assets at end of year	\$ 5,201,153	\$ 5,460,719

See accompanying notes to the financial statements.

Cincinnati Works, Inc.
Statements of Functional Expenses
For the years ended December 31, 2025 and 2024

		Program	Management and General	Fundraising	2025 Total
Salaries, wages and benefits	\$	3,073,762	\$ 506,056	\$ 318,916	\$ 3,898,734
Occupancy and utilities		236,955	76,662	20,908	334,525
Equipment and supplies		17,594	74,740	2,400	94,734
Professional services		9,107	358,321	129	367,557
Direct job seeker and advancement		37,982	1,283	-	39,265
Marketing		3,541	20,950	2,738	27,229
Other		101,155	47,415	9,483	158,053
	\$	3,480,096	\$ 1,085,427	\$ 354,574	\$ 4,920,097

		Program	Management and General	Fundraising	2024 Total
Salaries, wages and benefits	\$	2,628,983	\$ 1,230,012	\$ 315,546	\$ 4,174,541
Occupancy and utilities		229,204	81,677	13,066	323,947
Equipment and supplies		20,997	80,108	9,403	110,508
Professional services		94,718	241,882	161	336,761
Direct job seeker and advancement		60,137	3,049	411	63,597
Marketing		12,205	30,789	9,033	52,027
Other		42,569	100,599	15,498	158,666
	\$	3,088,813	\$ 1,768,116	\$ 363,118	\$ 5,220,047

See accompanying notes to financial statements.

Cincinnati Works, Inc.
Statements of Cash Flows
For the years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (259,566)	\$ (126,511)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Discount on contributions receivable	-	(13,660)
Depreciation	34,225	51,879
Amortization of operating right-of-use assets	227,652	225,451
Change in operating lease liabilities	(233,953)	(225,311)
Net realized and unrealized gain on investments	(225,278)	(148,468)
Change in operating assets and liabilities		
Accounts receivable	132,746	1,787
Contributions receivable	105,974	271,984
Prepaid expenses and other assets	18,802	(8,405)
Accounts payable	(23,430)	18,447
Accrued expenses	(7,785)	151,121
Net cash (used in) provided by operating activities	(230,613)	198,314
Cash flows from investing activities		
Purchase of investments	(996,185)	(1,328,300)
Sales and maturities of investments	1,249,865	865,182
Purchases of furniture and equipment	-	(2,267)
Net cash provided by (used in) investing activities	253,680	(465,385)
Net change in cash and cash equivalents	23,067	(267,071)
Cash and cash equivalents at beginning of year	900,744	1,167,815
Cash and cash equivalents at end of year	\$ 923,811	\$ 900,744
Supplemental cash flow information Cash paid during the year for		
Establishment of right of use of asset and lease liability	\$ 53,462	\$ -

See accompanying notes to the financial statements.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

1. Nature of Organization

Cincinnati Works, Inc. (the "Organization") is a not-for-profit organization established to serve the Greater Cincinnati community, whose mission is to partner with all willing and capable people living in poverty to assist them in advancing to economic self-sufficiency through employment. The Organization's revenue and other support are derived principally from contributions and grants.

The specific programs and services provided by the Organization include the following:

Workforce development program is designed to help those in poverty earn and retain quality employment while building a strong financial foundation. The program is built on the understanding that a job is just the beginning, and our Members' challenges do not end when the first paycheck arrives. The model is centered around personalized career and financial coaching, as well as job readiness, placement, retention, and advancement programs – not simply job placement. All of the programs are available to their Members for free for life.

Workforce connection service overview is composed of two services: workforce coaching for essential workers and hiring partnerships. They both include some level of fee-for-service arrangement that focuses on value and helps support the operating costs of the program.

- Workforce coaching is the flagship service of the social enterprise. It brings the core competencies of the Organization – individualized professional skills coaching, financial coaching, and barrier removal supports – directly to the workplace. A dedicated coach of the Organization is embedded at the employer's place of business so that the people who need these supports can access them right away and finally move the needle toward greater personal stability and advancement.
- Hiring partnerships build on the Organization's long-time competency of preparing people for long-term success at work and matching them with supportive employers. The updated model creates deeper employer relationships with a dedicated employer account lead and more defined services that better meet the needs of the employer and ultimately achieve greater success for our clients.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization, or the passage of time. Certain net assets are subject to donor-imposed stipulations that must be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general purposes

b. Revenue Recognition

Contributions, including certain grants from foundations, corporations, and government agencies, are recorded in the appropriate net asset class when the promise to give is received. For grants where the receipt of payment is conditional, revenue is recognized as contractual services are performed and the eligible expenses are incurred. When a donor stipulated time or purpose restriction ends, 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. Gifts and investment income with donor-imposed restrictions for which the restriction is met in the same period are recorded as with donor restriction and then released from restriction.

Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue. An allowance is established for uncollectible accounts on contributions based on historical experience, current economic conditions, and reasonable and supportable forecasts. Management evaluates the creditworthiness of donors alongside these factors to estimate potential uncollectible amounts. No allowance was deemed necessary in 2025 or 2024.

The Organization records contributed social worker and information technology services. Contributed services are recognized at the estimated fair value based upon rates provided by the donor or for similar services and are only recorded if they create or enhance non-financial assets or require specialized services. For the years ended December 31, 2025 and 2024, contributed services did not have donor-imposed restrictions.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

The Organization's revenue from contracts with customers are included in employer fees on the statements of activities and consists of revenue earned for ongoing services provided to other organizations related to coaching and mentoring. Contracts are considered to be earned over a period of time and are billed in installments as work is completed. Contracts typically have short durations less than one year. The Organization's accounts receivable at January 1, 2024 was \$240,157.

c. Use of 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

d. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts.

The Organization maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Organization's cash balances at times exceeded federally insured limits. The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At December 31, 2025 and 2024, the Organization's cash accounts exceeded federally insured limits by approximately \$432,000 and \$403,000, respectively.

e. Accounts Receivable

Accounts receivable are stated at the original invoiced amount less the allowance for credit losses. The allowance is based on the Organization's assessment of the collectability of receivables with similar risk characteristics on a pooled basis. It is derived from historical experience, past write-offs, current economic conditions, and reasonable and supportable forecasts. Management believes the allowance for credit losses is not material as of December 31, 2025 and 2024.

f. Investments

Investments in marketable and debt securities with readily determinable fair values are reported at their fair values in the statements of financial position.

Dividends, interest income, realized gains and losses on security transactions, unrealized holding gains or losses on investments and investment expenses are included as investment return on the statement of activities.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

g. Furniture and Equipment

Furniture and equipment are recorded at cost. Expenditures for additions, improvements, and other enhancements to property, plant, and equipment in excess of \$1,000 are capitalized.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Furniture and equipment are depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant, and equipment are as follows: machinery and equipment: 5 years; furniture and fixtures: 5 years; software: 3 years. The Organization's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Organization's assets.

h. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of December 31, 2025 and 2024, the Organization believes that it has not generated any unrelated business taxable income. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

i. Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statement of activities. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of program services and supporting activities. The following functional expense categories are allocated based on monthly time studies: salaries, wages and benefits; occupancy and utilities, equipment and supplies, marketing, and other expenses are allocated based on the number of offices.

At the beginning of 2024, Management shifted to a decentralized budget which allowed each department to develop and be accountable to its own budget. The shift in the functional expense programs and allocations is directly reflective of moving from consolidated budgeting to centralized budgeting.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

j. Concentration of Credit Risk

Concentrations within revenue and contributions receivable exist when an individual donor equals or exceeds 10% of total contribution and grant revenue and contributions receivable. During 2025, one donor accounts for 26% of total contribution and grant revenue and three donors accounted for 53% of total contributions receivable. During 2024, one donor accounted for 41% of total contribution and grant revenue and two donors accounted for 70% of total contributions receivable.

During 2025, one balance account for 26% of the total accounts receivable. During 2024, three customers accounted for 80% of the total accounts receivable.

k. Contributed Goods and Services

The Organization receives various contributions of non-financial assets in the performance of its mission. The following table represents contributed non-financial assets for the years ended December 31:

	Revenue Recognized		Utilization in Programs/ 2024 Activities	Donor Restrictions	Valuation Techniques and Inputs
	2025				
Salaries	\$ 100,004	\$ 100,004	Salaries paid by the donor for the social worker's and 10% of administrative support services.	No associated donor restrictions	Salaries for employees for time spent serving the Organization
IT services	11,988	11,988	IT services were utilized in program activities, with 22% of the billed costs provided as an in-kind contribution.	No associated donor restrictions	Valued at actual billing per contract
Licenses	-	750	10 Salesforce licenses provided at no cost were utilized in the Organization's program and supporting activities.	No associated donor restrictions	Valued at actual billing per invoice
Total Contributed goods and services	\$ 111,992	\$ 112,742			

l. Reclassifications

Certain items from 2024 have been reclassified to conform to the current year presentation.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

m. Subsequent Events

The Organization's management evaluated events that occurred after December 31, 2025 through August 19, 2026, the date when the financial statements were available to be issued.

3. Contributions Receivable

Contributions receivable consist of the following at December 31

	2025	2024
Contributions due within one year	\$ 1,151,224	\$ 1,112,198
Contributions due in one to five years	105,000	250,000
Contributions receivable, gross	1,256,224	1,362,198
Less discount to net present value	10,238	10,238
Contributions receivable, net	\$ 1,245,986	\$ 1,351,960

The discount rate used to measure the net present value was 4.23% and 3.91% at December 31, 2025 and 2024, respectively.

4. Furniture and Equipment

The historical costs of the Organization's property, plant, and equipment and related accumulated depreciation balances at December 31 were as follows:

	2025	2024
Machinery and equipment	\$ 115,888	\$ 115,888
Furniture and fixtures	160,777	160,777
Software	168,383	168,383
Furniture and equipment, gross	445,048	445,048
Less accumulated depreciation and amortization	(426,246)	(392,021)
Furniture and equipment, net	\$ 18,802	\$ 53,027

Depreciation expense related to furniture and equipment is \$34,225 and \$51,879 for the years ended December 31, 2025 and 2024, respectively.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

5. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2025	2024
Subject to the passage of time	\$ 162,750	\$ 211,500
Subject to expenditures for specific purposes:		
Workforce Development	823,934	1,024,371
Workforce Connection	191,250	175,625
Earnings from endowment	244,143	145,062
Other program activities	223,480	379,887
	1,645,557	1,936,445
Investment held in perpetuity	1,035,466	1,035,466
Total net assets with donor restrictions	\$ 2,681,023	\$ 2,971,911

The sources of net assets released from restrictions are as follows for the years ended December 31:

	2025	2024
Time restriction expired	\$ 73,750	\$ -
Satisfaction of purpose restrictions:		
Workforce Development	407,029	584,889
Workforce Connection	-	20,000
Other program activities	1,003,637	786,778
	1,410,666	1,391,667
Total net assets released from donor restrictions	\$ 1,484,416	\$ 1,391,667

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

6. Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- **Level 2:** Inputs for the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair value methods and assumptions on investments consisting of cash and cash equivalents, fixed income, money markets and mutual funds are valued on Level 1 inputs.

The preceding methods described may provide a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets measured at fair value on a nonrecurring basis and are categorized using the fair value hierarchy:

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
December 31, 2025				
Investments:				
Cash and cash equivalents	\$ 47,773	\$ -	\$ -	\$ 47,773
Fixed income funds	329,568	-	-	329,568
Money markets	501,116	-	-	501,116
Equity funds:				
Large cap global and domestic	1,855,038	-	-	1,855,038
Small and mid-cap domestic	178,779	-	-	178,779
Equities	3,010	-	-	3,010
Developing international	177,757	-	-	177,757
	3,093,041	-	-	3,093,041
December 31, 2024				
Investments:				
Cash and cash equivalents	556,983	-	-	556,983
Fixed income funds	411,610	-	-	411,610
Money markets	632,674	-	-	632,674
Equity funds:				
Large cap global and domestic	1,355,350	-	-	1,355,350
Small and mid-cap domestic	64,333	-	-	64,333
Equities	11,346	-	-	11,346
Developing international	89,147	-	-	89,147
	\$ 3,121,443	\$ -	\$ -	\$ 3,121,443

7. Endowment

Financial Accounting Standards Board (FASB) guidance requires that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's endowment consists of funds established to provide income to support operations. Its endowment includes donor-restricted funds.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

Interpretation of Relevant Law

The Organization has interpreted the enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Organization.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has a long-term objective to earn a return sufficient to preserve the purchasing power of the Organization for generations to come, as well as to provide for current needs. The Organization has adopted a total return investment approach. The return objective shall be accomplished using a balanced strategy of equity, fixed income securities, mutual funds and cash. The Organization's performance objectives will be measured against appropriate industry benchmarks such as the MSCI ACWI Net Index, Bloomberg Barclays Global Aggregate Index and Bank of America 91-day Treasury Bill Index.

Strategies Employed for Achieving Objectives

To satisfy the investment return goal with the risk of a broad asset allocation policy, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year no more than 4.5% of its endowment fund's average fair value over the prior 12 trailing quarters. The formula is applied to the twelve calendar quarters ending June 30 prior to the December 31 year-end in question.

Cincinnati Works, Inc.
Notes to the Financial Statements
December 31, 2025 and 2024

Changes in endowment net assets for the years ended December 31 are as follows:

	2025	2024
Endowment net assets at beginning of year	\$ 1,180,528	\$ 1,067,375
Net investment return	110,665	123,908
Appropriation of endowment assets for expenditure	(11,584)	(10,755)
Endowment net assets at end of year	\$ 1,279,609	\$ 1,180,528

Endowment assets that are permanently restricted at December 31, 2025 and 2024 are \$1,035,466.

8. Operating Leases

The Organization leases office space under a noncancelable operating lease which is subject to terms of renewal and escalation clauses. Since the Organization's lease does not provide an implicit interest rate to determine the present value of lease payments, management uses the risk-free rate available at the lease commencement which was 1.37%. The lease ends December 31, 2026 and provides the option to renew two three-year periods. Due to the changing needs of the community that the Organization serves, it is unknown at this time if the renewal options will be exercised. The Organization has elected to implement the practical expedient of not separating lease components from non-lease components.

The Organization leases office equipment under a noncancelable operating lease which will terminate February 28, 2031. The estimated discount rate is 3.72%, the Organization recognized an operating lease right-of-use asset and related lease liability of \$53,462 at 2025.

Rent expense for 2025 and 2024 totaled \$233,456 and \$233,293 respectively. The Organization's weighted average remaining lease term at December 31, 2025 and 2024 is 1.77 years and 1.98 years, respectively.

The following is a schedule of future minimum lease payments for the years ended December 31:

2026	\$ 248,270
2027	11,390
2028	11,390
2029	11,390
2030	11,390
Thereafter	1,897
Total lease payments	295,727
Less present value discount	6,700
Total lease liabilities	\$ 289,027

Cincinnati Works, Inc.
Notes to the Financial Statements
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9. Liquidity and Availability of Resources

The goal of the Organization is generally to maintain financial assets to meet at least 90 days of operating expenses. The Organization is substantially supported by contributions and grants and invests excess cash in short-term investment accounts to earn interest.

The Organization's financial assets available for general use at December 31, consist of the following:

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 923,811	\$ 900,744
Investments	3,093,041	3,121,443
Accounts receivable	105,624	238,370
Contributions receivable	1,245,986	1,351,960
Total financial assets available at year end	5,368,462	5,612,517
Less those unavailable for general expenditures within one year due to:		
Purpose restrictions	1,482,807	1,724,945
Donor restricted perpetual endowment	1,035,466	1,035,466
Total limitations on available resources	2,518,273	2,760,411
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,850,189	\$ 2,852,106

10. Related Party Transactions

One member of the Board of Trustees is an owner of a professional service firm that provided services to the Organization during 2025 and 2024. Management believes that the services are at an arms'-length. During 2025 and 2024, the Organization paid \$5,000 and \$30,250 for those services, respectively.

