BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

YEAR ENDED JUNE 30, 2025

(With Comparative Totals for June 30, 2024)

BSC
BERT SMITH & CO.
CERTIFIED PUBLIC ACCOUNTANTS
& MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bread for the City, Inc. and Bread Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bread for the City, Inc. and Bread Inc. (collectively referred to as "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States *(Government Auditing Standards)*. 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 the Organization 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position and consolidating schedule of activities on pages 22 and 23 and the accompanying schedule of expenditures of federal awards on page 29, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated, January 22, 2025. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2024 is consistent in all material respects, with the audited consolidated financial statements from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Bert Smith & Co.

Washington, D.C.
March 27, 2026

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 14,004,363	$ 10,954,567
Assets Restricted as to Use	282,736	393,623
Funds Held for Others	4,367,238	4,635,669
Investments	27,850	21,748
Pledges, Contracts and Grants Receivables	1,347,813	1,938,607
Patient Services Receivable	354,888	210,149
Other Receivables	2,538,349	13,730
Other Assets	252,029	207,775
Total Current Assets	23,175,266	18,375,868
Noncurrent Assets		
Restricted Cash	162,583	162,583
Pledges, Contracts and Grants Receivables, net of current portion	-	200,000
Note Receivable	16,026,851	16,026,851
Right-of-Use Asset – Operating Leases	35,227	17,123
Building, Property and Equipment, net	28,242,325	27,952,494
Total Noncurrent Assets	44,466,986	44,359,051
Total Assets	$ 67,642,252	$ 62,734,919
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 3,628,883	$ 2,917,620
Current Portion of Lease Obligation – Operating	9,759	6,745
Deferred Revenue	867,683	500,000
Funds Held for Others	4,307,089	4,575,151
Total Current Liabilities	8,813,414	7,999,516
Noncurrent Liabilities		
Noncurrent Portion of Lease Obligation - Operating	25,073	10,702
Notes and Loan Payable, net of debt issuance costs	25,494,291	25,791,749
Total Noncurrent Liabilities	25,519,364	25,802,451
Total Liabilities	34,332,778	33,801,967
Net Assets		
Without Donor Restrictions	31,436,781	26,544,887
With Donor Restrictions	1,872,693	2,388,065
Total Net Assets	33,309,474	28,932,952
Total Liabilities and Net Assets	$ 67,642,252	$ 62,734,919

The accompanying notes are an integral part of these consolidated financial statements.

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025	2024
Revenue				
Contributions, Contracts and Grants	$ 15,470,808	$ 7,269,109	$22,739,917	$15,479,389
Patient Service Revenue	2,865,591	-	2,865,591	2,545,671
In-Kind Contributions	4,250,146	-	4,250,146	4,414,931
Other Income	3,358,934	-	3,358,934	999,684
Net Assets Released from Restrictions:	7,784,481	(7,784,481)	-	-
Total Revenue	33,729,960	(515,372)	33,214,588	23,439,675
Expenses				
Program Services:				
Social Services	3,992,511	-	3,992,511	4,150,444
Medical Services	5,173,335	-	5,173,335	4,777,294
Food Program	4,604,802	-	4,604,802	4,197,980
Legal Services	7,650,185	-	7,650,185	7,251,823
Advocacy and Community Development	499,806	-	499,806	1,192,122
Clothing Program	218,567	-	218,567	305,410
Total Program Services	22,139,206	-	22,139,206	21,875,073
Supporting Services:				
Fundraising	2,496,947	-	2,496,947	2,524,074
Administration	4,201,913	-	4,201,913	3,167,245
Total Supporting Services	6,698,860	-	6,698,860	5,691,319
Total Expenses	28,838,066	-	28,838,066	27,566,392
Change in Net Assets	4,891,894	(515,372)	4,376,522	(4,126,717)
Net Assets, Beginning of Year	26,544,887	2,388,065	28,932,952	33,059,669
Net Assets, End of Year	$ 31,436,781	$ 1,872,693	$33,309,474	$28,932,952

The accompanying notes are an integral part of these consolidated financial statements.

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

	Program Services							Supporting Services			Totals	
	Social Services	Medical Services	Food Program	Legal Services	Advocacy and Community Development	Clothing Program	Total Program Services	Fundraising	Administration	Total Supporting Services	2025	2024
Personnel and Benefits	$3,182,903	$ 4,022,551	$1,529,732	$ 2,974,623	$ 402,317	$109,764	$12,221,890	$ 1,304,265	$ 1,293,079	$ 2,597,344	$ 14,819,234	$ 14,415,837
Food	-	1,352	2,547,719	-	-	-	2,549,071	-	-	-	2,549,071	1,943,308
Occupancy	259,746	425,991	265,801	242,054	54,013	13,519	1,261,124	119,942	732,991	852,933	2,114,057	2,167,441
Depreciation and Amortization	58,717	70,773	28,282	49,898	8,548	2,613	218,831	19,024	524,990	544,014	762,845	758,210
Donor Appeals and Special Events	32,159	29,285	29,285	29,285	17,175	7,321	144,510	737,026	(1,546)	735,480	879,990	916,735
Other	165,825	5,437	2,984	228,177	(1,848)	79,428	480,003	33,061	692,687	725,748	1,205,751	1,090,989
Consulting	153,186	299,913	200,999	4,125,882	19,601	5,922	4,805,503	283,882	400,994	684,876	5,490,379	5,265,393
Medical	-	318,033	-	266	-	-	318,299	-	-	-	318,299	402,758
Thrive Stipends and Services	139,975	-	-	-	-	-	139,975	-	-	-	139,975	47,255
Interest	-	-	-	-	-	-	-	-	558,465	558,465	558,465	558,466
Total Expenses	$3,992,511	$ 5,173,335	$4,604,802	$ 7,650,185	$ 499,806	$218,567	$22,139,206	$ 2,497,200	$ 4,201,660	$ 6,698,860	$ 28,838,066	$ 27,566,392

See accompanying notes to the consolidated financial statements.

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 4,376,527	$ (4,126,717)
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Operating Activities:		
Depreciation and Amortization	762,845	758,210
Amortization of Debt Issuance Costs	62,542	62,542
Amortization on Right-of-Use Assets	18,104	14,715
Non-Cash Operating Lease	(453)	-
Realized/Unrealized (Gain) on Investments, net	(6,328)	(8,373)
Loan Forgiveness	(360,000)	(360,000)
Bad Debt	476,769	-
Dividend Re-investment	224	109,909
Changes in Assets and Liabilities:		
Cash Paid for Operating Leases	(18,373)	(15,258)
(Increase) Decrease in Pledges, Contracts and Grants Receivables	314,025	610,338
(Increase) Decrease in Patient Services Receivables	(144,739)	567,182
(Increase) (Decrease) in Other Receivables	(2,524,619)	-
(Increase) Decrease in Other Assets and Funds Held for Others	224,176	799,296
Increase (Decrease) in Accounts Payable and Accrued Expenses	711,264	199,114
Increase (Decrease) in Deferred Revenue	367,683	(234,606)
Increase (Decrease) in Other Liabilities and Funds Held for Others	(268,062)	(631,110)
Net Cash Provided by (Used in) Operating Activities	3,991,585	(2,254,758)
CASH FLOWS FROM INVESTING ACTIVITIES		
Disbursements of Assets Limited as to Use	110,887	109,290
Purchase of Investments	-	(330,545)
Proceeds from Sale of Investments	-	294,641
Purchase of Fixed Assets	(1,052,676)	(309,149)
Net Cash (Used in) Investing Activities	(941,789)	(235,763)
Net Increase (Decrease) in Cash and Cash Equivalents	3,049,796	(2,490,521)
Cash and Cash Equivalents – Beginning of Year	11,117,150	13,607,671
Cash and Cash Equivalents – End of Year	$ 14,166,946	$ 11,117,150
Supplemental Data		
Interest Paid During the Year	$ 558,466	$ 558,466
Reconciliation of Cash and Cash Equivalents:		
Cash and Cash Equivalents	$ 14,004,363	$ 10,954,567
Restricted Cash	162,583	162,583
Total Cash and Cash Equivalents	$ 14,166,946	$ 11,117,150

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Organization***
  Bread for the City, Inc. (BFC) is a nonprofit organization that provides residents of Washington, D.C. with comprehensive services, including food, clothing, medical and dental care, and legal and social services. These services reach more than 31,000 residents living on low incomes each year from two service centers in the Shaw (Northwest) and Anacostia (Southeast) neighborhoods of Washington.

  Bread Inc. (Bread) is a 501(c)(3) nonprofit organization created to raise funds for the support and benefit of, and to carry out the purposes of, BFC which may include funds for capital expenditures, other financial purposes, and to manage and invest such funds for the benefit of BFC. These activities are funded primarily through grants and contributions.

  BFC and Bread are collectively referred to as ("the Organization").

  For the year ended June 30, 2025, through the Organization's Northwest Center, a 21,000 square foot facility located at 1525 7th Street NW, BFC's food program provided a five-day supply of groceries to unique households. The medical, dental, vision and behavioral health clinics had numerous patient visits. Social workers and case managers conducted client visits related to housing assistance, accessing public benefits and managing finances.

  For the year ended June 30, 2025, through the Organization's Southeast Center, a 27,000 square foot facility located at 1700 Good Hope Road and a 9,000 square foot facility located at 1640 Good Hope Road, SE, BFC's food program provided a five-day supply of groceries to unique households, as well. Social workers and case managers conducted client visits related to housing assistance, women's wellness, employment training, diaper program and accessing public benefits. In addition, the health clinic provides services to patients. BFC's legal services program also performed intakes in legal matters. The clothing room distributed clothes to eligible persons.

  These activities are funded primarily through private grants, contributions and government grants, along with Medicare, Medicaid and other insurance reimbursements for the medical and dental clinics.

- ***Principles of Consolidation***
  The consolidated financial statements present the consolidated financial position, changes in net assets, functional expenses and cash flows of BFC and Bread due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All significant inter-entity balances and transactions have been eliminated in consolidation.

- ***Basis of Accounting***
  The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

- ***Basis of Presentation***
  The Organization's consolidated financial statements follow accounting standards of not-for-profit entities in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities – Presentation*.

The Organization classifies net assets based on the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – unrestricted resources available to support operations that can be utilized at the discretion of the Board of Directors and management.

- *Net Assets With Donor Restrictions* – net assets that are subject to donor-imposed stipulations that may or will be met by the occurrence of a specific event or the passage of time. Some net assets with donor restrictions include a stipulation that the assets provided be maintained in perpetuity, due to donor-imposed restrictions. Any income earned on related investments are permitted to be used for general purposes.

- ***Cash and Cash Equivalents***
  The Organization classifies all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents include demand deposits and money market funds, as applicable. Cash and cash equivalents are maintained at various financial institutions. Total deposits maintained at these institutions, at times, exceed the amount insured by federal agencies, although through June 30, 2025, no loss of funds had been experienced.

- ***Investments***
  Investments are reported at fair market value in the statement of financial position. Investment income includes interest and dividend income, realized and unrealized gains and losses, and are recognized as revenue and reported in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor.

- ***Fair Value Measurements***
  The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 provides a framework for measuring fair value under accounting principles generally accepted in the United States of America, and applies to all financial instruments that are being measured and reported on a fair value basis. FASB ASC 820 sets out a fair value hierarchy and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is defined as follows:

  Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities.

  Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

  Level 3: Inputs that are unobservable for the asset or liability. This includes situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates.

- ***Assets Limited as to Use***
  Represents cash that is restricted by the Organization's new market tax credit financing to be used for the development and construction of the Southeast Campus.

- ***Funds Held for Others***
  The Organization acts as a representative payee for clients designated to receive benefits from the Social Security Administration. The Organization assists the clients with budgeting and maintains records of related expenditures. The benefits are disbursed to pay for current needs, including housing, food and medical expenses. Amounts held for clients are reported as an asset and a liability and reported as funds held for others in the accompanying consolidated statement of financial position.

- ***Pledges, Contracts and Grants Receivables***
  Pledges, contracts, and grants receivable consist of conditional and unconditional promises to give to the Organization. The Organization has not recorded an allowance to reserve against uncollectibility. Management asserts that all such amounts are collectible. Uncollectible amounts are written off at the time the individual receivable is determined to be uncollectible. As of June 30, 2025, pledges, contracts, and grants receivable totaled $1,347,813.

- ***Other Receivables***
  Other receivables include receivables related to the employee retention tax credit and credit card refunds. Other receivables at June 30, 2025 totaled $2,538,349.

- ***Note Receivable***
  In November 2018, the Organization provided a promissory note to Bread for the City Investment Fund, LLC (the Fund), a non-related entity, totaling $16,026,851, in conjunction with the creation of the New Market Tax Credit Financing (NMTC), as part of the Organization's new market tax credit financing for the Qualified Low Income Community Investments (QLICI) notes (See Note 11).

- ***Patient Service Receivables***
  Patient service receivables are primarily from third-party payers and the D.C. Government. The Organization records receivables for amounts billed. Amounts billed represent amounts deemed to be collectible and do not include discounts or contractual allowances.

- ***Building, Property and Equipment***
  Building, property and equipment are recorded at cost and are being depreciated on a straight-line basis over their estimated useful lives of three to forty years. Expenditures for major repairs and improvements are capitalized. Donated property is recorded at fair value at the date of donation. Expenditures for minor repairs and maintenance costs are expensed when incurred. The Organization capitalizes all fixed assets greater than $5,000. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in revenue or expenses in the accompanying consolidated statement of activities.

  The estimated useful lives are as follows:

Building and Improvements	40 Years
Furniture and Equipment	5 Years
Vehicles	5 Years

- ***Impairment of Long-Lived Assets***
  The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. To date, there have been no such losses.

- ***Deferred Revenue***
  Deferred revenue consists of amounts received for one of the Organizations federal programs. The program is a capital grant, and the Organization records the capital grant revenue as deferred revenue and will recognize the income over the useful life of the asset. Deferred revenue at June 30, 2025 totaled 867,683.

- ***Leases***
  The FASB issued Accounting Standards Update No. 2016-02, *Leases* which establishes a right-of-use (ROU) model that requires a lessee to record ROU assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

  A lease is classified as a finance lease if any one of the following criteria are met: a) the lease transfers ownership of the asset by the end of the lease term, b) the lease contains an option to purchase the asset that is reasonably certain to be exercised, or c) the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of these criteria. The Organization determines if a contract is a financing or operating leasing arrangement and the classification of that lease, if applicable at inception. The Organization currently has operating leases. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the term of the lease. For operating leases, the organization uses the risk-free rate of return. The Organization recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

  The Organization leases equipment under noncancelable operating leases which may include renewal or termination options. Renewal or termination options are not reasonably certain of exercise and are therefore not recognized in lease assets and liabilities until the date of exercise. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with equipment leases.

- ***Contributions, Contracts and Grants Revenue***
  The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Unconditional contributed support that is expected to be collected within one year is recorded at its net realizable value. Unconditional contributed support that is expected to be collected after one year is recorded at the present value of its estimated future cash flows discounted back to present value using the appropriate discount rates. Conditional support is not included as support until the conditions are substantially met.

  Contributions with donor stipulations are reported as net assets with donor restrictions. When a donor 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 consolidated statement of activities as net assets released from restrictions.

- ***Other Income***
  Other income includes amounts related to interest income, dividend income and income related the employee retention tax credit.

- ***Patient Service Revenue***
  The accompanying consolidated statement of activities for the years ended June 30, 2025 is presented in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers (ASC 606)* and ASC Subtopic 958-605 *Not for Profit Entities - Revenue* (where applicable). The Organization measures revenue from contracts with customers based on the consideration specified in a contract with a customer and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction

price; (4) allocate transaction price; and (5) recognize revenue. The Organization reports revenue related to contracts with patients in which the performance obligations are to provide health care services to the patients. Revenues are recorded during the period the obligation to provide health care services are satisfied. The contractual relationship with patients also involves third-party payers (Medicare, Medicaid, and Commercial Insurance Companies) and the transaction prices for services provided are dependent on the terms provided by payers. Payment arrangements are based on prospectively determined rates.

Medical reimbursements are recorded based on a claim-submitted basis. Patient services revenue is recognized at an estimated net realizable amount from third-party payers, including retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known. The Organization only recognizes patient service revenue in the amounts that it expects to collect.

- ***Charity Care***
  The Organization provides care to patients who lack financial resources and are deemed to be medically indigent based on criteria established under the Organization's charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, the amounts are not reported as revenue.

- ***In-Kind Contributions and Expenses***
  Food products, clothing and pharmaceuticals donated to the Organization are valued at a cost consistent with amounts paid for similar products by the Organization or at their estimated fair value. Donated food products, clothing and pharmaceuticals are reported as both revenue and expenses in the accompanying consolidated financial statements.

  Services donated by medical, legal and other professionals are valued at their estimated fair value at the time of donation based on the type of professional services provided. These services are recognized both as revenue and expenses if the services received create or enhance long-lived assets or require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased, if not donated.

  In addition, volunteers, including the members of the Board of Directors, have made significant contributions of time to its policy-making program and support functions. These contributed services do not meet the above criteria for recognition of contributed services and, accordingly, are not included in the accompanying consolidated financial statements.

- ***Functional Allocation of Expenses***
  The costs of the various programs and other activities are summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon various methods deemed to justify the benefits received by those programs and supporting services. Expenses which can be identified with a specific program and support service are directly allocated according to the natural expenditure classification. Indirect expenses are allocated based on time and effort and square footage.

- ***Debt Issuance Costs***
  The Organization capitalizes certain expenses associated with obtaining new debt. Amortization is calculated using straight-line method over seven years, which is not materially different from using effective interest method over the term of the note payable. Deferred issuance costs are included as a component of long-term debt in the accompanying consolidated statement of financial position. Amortization of deferred issuances costs is included as a component of capitalized interest expense in the accompanying consolidated statement of financial position.

- ***Use of Estimates***
  The preparation of consolidated 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 contingent assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

- ***Comparative Financial Data***
  The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. The 2024 fiscal year amounts are not intended to present all information necessary for fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2024, from which the summarized information was derived.

- ***Reclassifications***
  Certain accounts and amounts reported in the 2024 consolidated financial statements have been reclassified to conform to the 2025 consolidated financial statement presentation. The reclassification had no effect on the change in the net assets for 2024.

- ***Income Taxes***
  The Organization is nonprofit corporations under Section 501(c)(3) of the Internal Revenue Service and is generally exempt from federal, state and local income taxes. As of June 30, 2025, management has assessed its various tax positions and had no unrecognized tax positions or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the consolidated financial statements. The Organization has filed all applicable tax returns Form 990s, which are subject to examination by the Internal Revenue Service, generally three years after they are filed.

NOTE 2 RESTRICTED CASH

As of June 30, 2025, restricted cash is composed of the following:

Endowment	$	162,583

NOTE 3 INVESTMENTS

Investments are stated at fair value and consist of the following at June 30, 2025:

Equities	$	27,071
Money Market		779
Total	$	27,850

NOTE 4 FAIR VALUE MEASUREMENTS

At June 30, 2025, the Organization's investments include common stock. The carrying amounts reported in the accompanying consolidated statement of financial position for these financial instruments approximate their fair values.

The following table sets forth by level, with the fair value hierarchy, the Organization's investments at fair value as of June 30, 2025.

	Quoted Prices in Active Markets for Identifiable Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money Market (at cost)	$ -	$ -	$ -	$ 779
Equities	27,071	-	-	27,071
Total Investments	$ 27,071	$ -	$ -	$ 27,850

NOTE 5 BUILDING, PROPERTY AND EQUIPMENT

The Organization held the following fixed assets as of June 30, 2025:

Land	$ 3,372,166
Building and Improvements	30,513,726
Furniture and Equipment	1,418,556
Vehicles	264,972
Total Property and Equipment	35,569,420
Less: Accumulated Depreciation	(7,327,095)
Property and Equipment, net	$ 28,242,325

During the year ended June 30, 2025, the Organization recorded depreciation of $762,845.

NOTE 6 LEASES

The Organization leases copiers under non-cancelable operating leases. The Organization determines if an arrangement is a lease at inception of a contract and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the consolidated statement of financial position and are expensed on a straight-line basis. The lease agreements cover five separate copiers. The Organization has elected to combine and account for lease and non-lease components as a single lease component. The Organization does not have variable lease payments.

Operating lease right-of-use assets and lease liabilities as of June 30, 2025 were as follows:

	Operating Leases
Right-of-Use Assets:	
Operating Lease Assets	$ 35,227
Lease Liabilities:	
Current Operating Lease Liabilities	$ 9,759
Noncurrent Operating Lease Liabilities	25,073
Total Operating Lease Liabilities	$ 34,832

Operating expenses for the leasing activity of the Organization as lessee for the year ended June 30, 2025, are as follows:

	Lease Type
Operating Lease Costs	$ 17,654
Total Lease Costs	$ 17,654

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2025, and a reconciliation to operating lease liabilities reported on the consolidated statement of financial position:

2026		$ 11,010
2027		10,722
2028		6,865
2029		5,220
2030		3,915
	Total Lease Payments	37,732
Less Interest		(2,900)
	Present Value of Lease Liability	$ 34,832

Average operating lease terms and discount rate at June 30, 2025, were as follows:

Weighted Average Remaining Lease Term (years)	3.88
Weighted Average Discount Rate	4.26

The company has elected to use the risk-free rate.

The following summarizes cash paid for operating lease liabilities and other non-cash information as of June 30, 2025:

Cash paid for amounts included in the measurement of operating lease liability	$ 18,373

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2025, the net assets with donor restrictions of the Organization are available for the following programs or purposes:

Restricted by Purpose	
Medical	$ 200,000
Endowment	162,583
Legal	1,173,419
Social Services	336,691
Net Assets with Donor Restrictions	$1,872,693

NOTE 8 ENDOWMENT

The Organization has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The board of directors of the Organization has interpreted the District of Columbia law regarding Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment as donor restricted net assets.

In accordance with UPMIFA, the Organization considers the purpose of the endowment fund in making a determination to appropriate or accumulate donor-restricted endowment funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor specified as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. Any income earned on the endowment funds is used for general operations. The donor endowments are recorded in non-interest cash accounts. There were no contributions during the fiscal year.

As of June 30, 2025, Endowment totaled $162,583.

NOTE 9 COMMITMENTS AND RISKS

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of June 30, 2025, the Organization has approximately $15.4 million that exceeded the maximum limit insured by the FDIC. However, the Organization has not experienced any losses in such accounts.

The Organization grants credit without collateral to patients, most of whom are area residents. The mix of patient accounts receivable from patient services and third-party payers approximates:

Medicaid	78%
Medicare	6%
Other	16%
Total	100%

Employment Agreement

The Organization has an employment agreement with its Chief Executive Officer. Under the terms of the agreement, the Organization is to pay to the Chief Executive Officer or on his behalf, certain amounts for compensation, benefits and allowances through June 30, 2025, with automatic one-year extension. If the Organization terminates the agreement for a reason other than cause, the Chief Executive Officer is entitled to a lump-sum cash separation payment equal to six months of his annual base salary.

NOTE 10 NOTES PAYABLE AND RECEIVABLE

D.C. Department of Housing and Community Development

Promissory and Other Notes

On January 3, 2019, the Organization received a loan from the D.C. Department of Housing and Community Development (DHCD) in the amount of $3,600.000. The loan is to fund the construction, acquisition, or preconstruction costs of the Southeast facility of BFC. The term of the loan is ten years from the date that construction is completed and does not accrue any interest. Loan repayment is not required. At the beginning the first year after construction is completed or upon notification of a certificate of occupancy a portion of the loan will be forgiven. Each year, upon the anniversary of the receipt of the certificate of occupancy, 1/10th of the loan amount will be forgiven until 100% of the loan is forgiven. In October 2020, BFC received the certificate of occupancy for the Southeast Facility and therefore the ending balance as of June 30, 2025 totaled $1,800,000.

New Market Financing

In November 2018, Bread Inc. entered into a debt transaction to obtain funding for the expansion of the BFC Southeast facility through the New Markets Tax Credit (NMTC) Program. The NMTC Program allows taxpayers to claim federal tax credits for making Qualified Equity Investments (QEI) in a designated Community Development Entity (CDE). The CDE must use substantially all the proceeds to make Qualified Low-Income Community Investments (QLICIs). The tax credits are claimed over a seven-year period and equal 39% of the QLICIs. Bread Inc. has partnered with City First Capital 54, LLC, a Delaware limited liability company, and Community Urban Revitalization XII LLC, a District of Columbia limited liability company.

City First Capital 54, LLC (CF) established four promissory notes: a) the first note payable (CF A-1), has an original principal balance of $2,377,392 and bears interest at 2.308% per annum. The note matures on November 20, 2025 and requires quarterly interest only payments through maturity.; b) the second note payable (CF A-2), has an original principal balance of $2,546,524 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity; c) the third note payable (CF A-3), has an original principal balance of $1,426,435 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity.; and d) the fourth note payable (CF A-4), has an original principal balance of $2,819,999 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity. The ending balance of QLICI Loan A totaled $9,170,350. During fiscal year 2025, interest expense related to these loans and expensed in the statement of activities totaled $211,652.

Community Urban Revitalization XII LLC also established four promissory notes: a) the first note payable (A-1), has an original principal balance of $3,622,608 and bears interest at 2.308% per annum. The note matures on November 20, 2025 and requires quarterly interest only payments through maturity.; b) the

second note payable (A-2), has an original principal balance of $3,880,327 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity.; c) the third note payable (A-3), has an original principal balance of $2,173,565 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity.; and d) the third note payable (A-4), has an original principal balance of $4,873,500 and bears interest at 2.308% per annum. The note matures on December 31, 2052 and requires quarterly interest only payments through maturity. The ending balance of QLICI Loan B totaled $14,550,000. During fiscal year 2025, interest expense related to these loans and expensed in the statement of activities totaled $335,814.

Note Receivable

A loan receivable is held by Wells Fargo for $16,026,851. The loan receivable held by Wells Fargo is payable in interest only and compounds annually at an interest rate of 2.80%. The loan receivable balance is due November 30, 2026. Interest income incurred and paid by Wells Fargo during fiscal year ended June 30, 2025 totaled $448,752.

The note agreements also have various financial and negative covenants, including certain reporting requirements. As of June 30, 2025, the Organization was not in compliance with the financial reporting requirements. The Organization obtained a waiver for the report period.

Receivables and long-term liabilities on the consolidated statement of financial position as of June 30, 2025 are as follows:

Notes Receivable:

New Markets Loan Fund	$ 16,026,851

Notes Payable:

DHCD Loan	$ 1,800,000
QLICI Loan A	9,170,350
QLICI Loan B	14,550,000
	25,520,350
Less: Debt Issuance Costs	(26,059)
	$ 25,494,291

Minimum annual payments including forgiven debt amounts for five years and thereafter are as follows:

Year	Debt Principals	Less: Debt Issuance Costs	Total
2026	$ 360,000	$ 26,059	$ 333,941
2027	360,000	-	360,000
2028	360,000	-	360,000
2029	360,000	-	360,000
2030	-	-	-
Thereafter	24,080,350	-	24,080,350
Total	$ 25,520,350	$ 26,059	$ 25,494,291

NOTE 11 PATIENT SERVICE REVENUE

The Organization has agreements with third-party payers which provide reimbursement at prospectively determined rates based on clinical diagnostic and other factors. A summary of the basis for reimbursement with major third-party payers is as follows:

- Medicaid: The Organization is paid for patient services rendered at its medical and dental clinics to Medicaid program beneficiaries under contractual agreements with third-party Medicaid managed care organizations. The Organization is also paid a supplement wraparound reimbursement under the program by the Government of the District of Columbia on a per encounter basis according to a cost-based reimbursement system.

- Medicare: The Organization is paid for patient services rendered to Medicare beneficiaries under contractual agreements with third-party Medicare Advantage plans.

- Other: The Organization is paid for patient services rendered to beneficiaries with certain commercial insurance carriers and preferred provider organizations. The basis for payment includes prospectively determined rates per unit of service.

Approximately 87% of patient service fees for the year ended June 30, 2025 is from participation in the Medicaid and Medicare programs.

Medicaid	$ 1,935,670
Medicare	196,017
Other	318,528
	$ 2,450,215

NOTE 12 IN-KIND CONTRIBUTIONS

The Organization receives various in-kind services and donated goods – legal, medical services and supplies, food and clothing. For the year ended June 30, 2025, in-kind contributions revenue totaled $4,250,146. These in-kind services and goods were used in the following program services:

Legal	$ 4,069,697
Medical Services and Supplies	22,520
Food	77,830
Clothing	80,099
Total In-Kind Contributions	$ 4,250,146

NOTE 13 RETIREMENT PLAN

Defined Contribution Plan

All employees who work more than 30 hours per week are eligible to participate in the Organization's retirement plan (the Plan), which is qualified under Section 403(b) of the IRC. The Plan offers various mutual funds as investment options. The Plan also allows for a discretionary employer match. During the year ended June 30, 2025, the Organization made a discretionary contribution to the Plan of $308,849, which is included as a liability in the statement of financial position at year-end.

Deferred Compensation Plan

The Organization's Board of Directors approved a 457(b)-salary deferral plan for the Chief Executive Officer (CEO) that is effective each year from June 30, 2022 through June 30, 2031. The assets of the plan are the legal assets of the Organization until the assets are distributed to the CEO, and therefore a plan asset and liability of equal amounts has been reported in the statement of financial position. As of June 30, 2025, the plan liability was $90,789. The Organization transferred the amount to the deferred compensation investment account during the fiscal year.

NOTE 14 LIQUIDITY AND FUNDS AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available, the Organization operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Further, management is continuously engaged in development activities that it expects to generate additional sources of support and revenue.

Financial assets available for general expenditures, such as operating expenses and scheduled principal payments, within one year of the financial position date consisted of the following:

Total financial assets at year-end as of June 30, 2025:	
Cash and cash equivalents	$14,166,946
Pledges, Grants and Contracts Receivable	1,347,813
Patient and Other Receivables	354,888
Investments	27,850
Total financial assets available to meet cash needs for general expenditures within one year	15,897,497
Less amounts unavailable for general expenditures within one year:	
Donor restricted assets	(1,872,694)
Total amounts not available to be used within one year	(1,872,694)
Financial assets available to meet cash needs for general expenditures within one year	$14,024,803

Financial assets are considered unavailable when not liquid or convertible to cash within one year and contractual or donor-imposed restrictions limiting their use.

NOTE 15 CONTINGENCIES

Medicare and Medicaid

The Organization receives reimbursement from the Medicare and Medicaid programs. The laws and regulations governing the programs are complex and subject to interpretation. Both programs are subject to audits by federal and state governments. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. The Organization, however; believes that it is in compliance with all applicable laws and regulations.

Medical Malpractice Claims
The U.S. Department of Health and Human Services has deemed the Organization, and its practicing physicians covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap.

Other
The financial records supporting transactions related to the Organization's agreements with the local and federal governments are subject to audit by other auditors representing the governments. Subsequent to year end the Organization received revised rates from the government. The rate changes resulted in amounts due to the Organization for years 2023 and 2024. These adjustments are included in the financial statements.

Litigation
Management asserts that there are no known material claims, suits, or complaints filed or pending against the Organization. In the opinion of management, all other matters which are asserted or unasserted are without merit and would not have a significant effect upon the financial position or results of the operations of the Organization if they were disposed of unfavorably.

NOTE 16 SUBSEQUENT EVENTS

Other than the event noted under the Other paragraph above, the Organization has evaluated subsequent events through March 27, 2026, which is the date the financial statements were available to be issued and determined that no other events require adjustments to or disclosure in the financial statements.

SUPPLEMENTAL CONSOLIDATING SCHEDULES

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2025

	BFC	Bread	Eliminations	2025
ASSETS				
Current Assets				
Cash and Cash Equivalents	$14,004,363	$ -	$ -	$ 14,004,363
Pledges, Contracts and Grants Receivables	1,247,813	100,000	-	1,347,813
Patient Service Receivable	354,888	-	-	354,888
Other Receivables	2,538,349	-	-	2,538,349
Other Assets	252,029	-	-	252,029
Assets Restricted as to Use	-	282,736	-	282,736
Investments	27,850	-	-	27,850
Intercompany Assets (Due to)	-	23,821,623	(23,821,623)	-
Funds Held for Others	4,347,628	19,610	-	4,367,238
Total Current Assets	22,772,920	24,223,969	(23,821,623)	23,175,266
Noncurrent Assets				
Restricted Cash	112,583	50,000	-	162,583
Notes Receivable	16,026,851	-	-	16,026,851
Right-of-Use Asset – Operating Leases	35,227	-	-	35,227
Building, Property and Equipment, net	25,284,483	2,957,842	-	28,242,325
Total Noncurrent Assets	41,459,144	3,007,842	-	44,466,986
Total Assets	$64,232,064	$27,231,811	$ (23,821,623)	$ 67,642,252
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable and Accrued Expenses	$ 3,292,184	$ 336,699	$ -	$ 3,628,883
Current Portion of Lease Obligation - Operating	9,759	-	-	9,759
Deferred Revenue	867,683	-	-	867,683
Intercompany Liabilities (Due From)	23,821,623	-	(23,821,623)	-
Funds Held for Others	4,278,794	28,295	-	4,307,089
Total Current Liabilities	32,270,043	364,994	(23,821,623)	8,813,414
Noncurrent Liabilities				
Noncurrent Portion of Lease Obligation - Operating	25,073	-	-	25,073
Notes and Loan Payable, net of current portion	1,800,000	23,694,291	-	25,494,291
Total Noncurrent Liabilities	1,825,073	23,694,291	-	25,519,364
Total Liabilities	34,095,116	24,059,285	(23,821,623)	34,332,778
Net Assets				
Without Donor Restrictions	28,314,255	3,122,526	-	31,436,781
With Donor Restrictions	1,822,693	50,000	-	1,872,693
Total Net Assets	30,136,948	3,172,526	-	33,309,474
Total Liabilities and Net Assets	$64,232,064	$27,231,811	$ (23,821,623)	$ 67,642,252

BREAD FOR THE CITY, INC. AND BREAD INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	BFC			BREAD				CONSOLIDATED		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
Revenue										
Contributions, Contracts and Grants	$ 15,470,808	$ 7,269,109	$22,739,917	$ -	$ -	$ -	$ -	$ 15,470,808	$ 7,269,109	$ 22,739,917
Patient Service Fees	2,865,591	-	2,865,591	-	-	-	-	2,865,591	-	2,865,591
In-Kind Contributions	4,250,146	-	4,250,146	-	-	-	-	4,250,146	-	4,250,146
Interest, Dividend and Other Income	3,358,124	-	3,358,124	810	-	810	-	3,358,934	-	3,358,934
Net Assets Released from Restrictions:	7,784,481	(7,784,481)	-	-	-	-	-	7,784,481	(7,784,481)	-
Total Revenue	33,729,150	(515,372)	33,213,778	810	-	810	-	33,729,960	(515,372)	33,214,588
Expenses										
Program Services:										
Social Services	3,992,511	-	3,992,511	-	-	-	-	3,992,511	-	3,992,511
Medical Services	5,173,335	-	5,173,335	-	-	-	-	5,173,335	-	5,173,335
Food Program	4,604,802	-	4,604,802	-	-	-	-	4,604,802	-	4,604,802
Legal Services	7,650,185	-	7,650,185	-	-	-	-	7,650,185	-	7,650,185
Advocacy and Community Development	499,806	-	499,806	-	-	-	-	499,806	-	499,806
Clothing Program	218,567	-	218,567	-	-	-	-	218,567	-	218,567
Total Program Services	22,139,206	-	22,139,206	-	-	-		22,139,206	-	22,139,206
Supporting Services:										
Fundraising	2,496,787	-	2,496,787	160	-	160	-	2,496,947	-	2,496,947
Administration	3,513,109	-	3,513,109	688,804	-	688,804	-	4,201,913	-	4,201,913
Total Supporting Services	6,009,896	-	6,009,896	688,964	-	688,964	-	6,698,860	-	6,698,860
Total Expenses	28,149,102	-	28,149,102	688,964	-	688,964	-	28,838,066	-	28,838,066
Excess (Deficit) of Revenue Over Operating Expenses	5,580,048	(515,372)	5,064,676	(688,154)	-	(688,154)	-	4,891,894	(515,372)	4,376,522
Increase (Decrease) in Net Assets	5,580,048	(515,372)	5,064,676	(688,154)	-	(688,154)	-	4,891,894	(515,372)	4,376,522
Net Assets, Beginning of Year	22,734,207	2,338,065	25,072,272	3,810,680	50,000	3,860,680	-	26,544,887	2,388,065	28,932,952
Net Assets, End of Year	$ 28,314,255	$ 1,822,693	$30,136,948	$ 3,122,526	$ 50,000	$3,172,526	$ -	$ 31,436,781	$ 1,872,693	$ 33,309,474

UNIFORM GUIDANCE

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Bread for the City, Inc. and Bread Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the consolidated financial statements of Bread for the City, Inc. and Bread Inc. (collectively referred to as "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bert Smith & Co.

Washington, D.C.
March 27, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Bread for the City, Inc. and Bread Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bread for the City, Inc. and Bread Inc. (collectively referred to as "the Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards);* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bert Smith & Co.

Washington, D.C.
March 27, 2026

BREAD FOR THE CITY, INC. AND BREAD INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through Program From D.C. Department of Housing and Community Development			
Community Development Block Grants/Entitlement Grants	14.218	2018-25	$ 3,600,000
Pass-through Program From Local Initiative Support Corporation			
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	42149-0010	15,786
Total U.S. Department of Housing and Urban Development			3,615,786
U.S. Department of Health and Human Services			
Health Center Program	93.224		1,339,792
Grants for Capital Development in Health Centers	93.526		89,112
Grants for New and Expanded Services under the Health Center Program	93.527		14,514
Total Health Center Program Cluster			1,443,418
Congressional Directives	93.493		867,683
Pass-through Program From the Unity Healthcare			
Family Planning Services	93.217	Unknown	61,962
Total U.S. Department of Health and Human Services			2,373,063
U.S. Department of Homeland Security			
Pass-through Program From D.C. EFSP Local Board			
Emergency Food and Shelter National Board Program	97.024	1492-00-038	14,476
Total U.S. Department of Homeland Security			14,476
Total Expenditures of Federal Awards			**$ 6,003,325**

The accompanying notes are an integral part of this Schedule.

BREAD FOR THE CITY, INC. AND BREAD INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bread for the City, Inc. and Bread Inc. (collectively referred to as "the Organization"), under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 4 LOAN AND LOAN GUARANTEES

The Organization received a loan from the Community Development Block Grant (CDBG). As of June 30, 2025, the outstanding balance on the loan in the financial statements totaled $1,800,000.

BREAD FOR THE CITY, INC. AND BREAD INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified ?	No
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

Identification of Major Federal Programs:

93.224/93.526/93.527	Health Center Program Cluster
93.493	Congressional Directives

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee:	Yes

BREAD FOR THE CITY, INC. AND BREAD INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

None Noted

BREAD FOR THE CITY, INC. AND BREAD INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2025

Section III – Federal Award Findings and Questioned Costs

None Reported