MATTER and Subsidiary

Consolidated Financial Statements and Independent Auditor's Report

December 31, 2025

CohnReznick

MATTER and Subsidiary

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Independent Auditor's Report

To Management
MATTER and Subsidiary

We have audited the accompanying consolidated financial statements of MATTER and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities and changes in net assets, 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 present fairly, in all material respects, the financial position of MATTER and Subsidiary as of December 31, 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"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of MATTER and Subsidiary 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 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 MATTER and Subsidiary's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 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 MATTER and Subsidiary'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 MATTER and Subsidiary'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.



Minneapolis, Minnesota
October 27, 2026

MATTER and Subsidiary

Consolidated Statement of Financial Position
December 31, 2025

Assets

Current assets		
Cash and cash equivalents	$	1,484,208
Contributions receivable		53,797
Accounts receivable		532,249
Notes receivable		146,340
Inventory		17,340,449
Prepaid expenses		49,595
Total current assets		19,606,638
Property and equipment, net		279,482
Other assets		
Operating lease right-of-use asset		144,892
Total assets	$	20,031,012

MATTER and Subsidiary

Consolidated Statement of Financial Position
December 31, 2025

Liabilities and Net Assets

Current liabilities		
Obligation under line of credit agreements	$	270,000
Current portion of long-term debt		3,623
Current portion of operating lease liability		172,328
Current portion of finance lease liability		29,342
Accounts payable		555,065
Accrued payroll and payroll taxes		113,199
Total current liabilities		1,143,557
Long-term liabilities		
Long-term payable		66,663
Long-term debt, net		141,413
Finance lease liability, net		35,903
Total long-term liabilities		243,979
Total liabilities		1,387,536
Net assets		
Without donor restrictions		17,918,639
With donor restrictions		724,837
Total net assets		18,643,476
Total liabilities and net assets	$	20,031,012

See Notes to Consolidated Financial Statements.

MATTER and Subsidiary

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without donor restrictions	With donor restrictions	Total
Support and revenues			
Noncash donations, gifts in-kind	$ 28,207,174	$ -	$ 28,207,174
Contributions	2,706,865	1,033,068	3,739,933
MATTER 360 Repurposing	4,289,952	-	4,289,952
Event revenue, net of direct benefit to donors of $56,242	111,687	-	111,687
Program service revenue	290,656	-	290,656
Interest income	46,078	-	46,078
Net assets released from restrictions	1,228,949	(1,228,949)	-
Total support and revenues	36,881,361	(195,881)	36,685,480
Functional expenses			
Program services	36,037,708	-	36,037,708
General and administrative	1,586,259	-	1,586,259
Fundraising	244,503	-	244,503
Total functional expenses	37,868,470	-	37,868,470
Decrease in net assets	(987,109)	(195,881)	(1,182,990)
Net assets, beginning	18,905,748	920,718	19,826,466
Net assets, end	$ 17,918,639	$ 724,837	$ 18,643,476

See Notes to Consolidated Financial Statements.

MATTER and Subsidiary

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services											
	Insight Trips	Chaya	Education	Humanitarian Aid	Loans	Samkele	MATTERbox	EMS	Total	General & Administrative	Fundraising	Totals
Donations to beneficiaries	$ -	$ -	$ -	$ 14,500	$ -	$ 526,861	$ -	$ 28,584,823	$ 29,126,184	$ 299,195	$ 50,689	$ 29,476,068
Payroll and payroll taxes	43,304	72,404	72,404	-	72,404	57,154	637,318	1,528,259	2,483,247	762,807	139,841	3,385,895
Travel	992,230	37,576	32,415	11,008	14,312	41,640	5,636	6,292	1,141,109	34,262	14,581	1,189,952
Transportation	-	61	8,500	279,131	-	3,033	60,768	677,832	1,029,325	58	20	1,029,403
Occupancy	-	1,423	71,654	-	-	-	50,723	391,548	515,348	1,228	-	516,576
Contracted services	-	106,472	231,800	7,469	2,500	4,723	212	2,091	355,267	111,184	950	467,401
Construction	-	38,106	478,703	65,293	-	166,965	-	-	749,067	-	-	749,067
Program supplies	17	11,448	26,383	18,770	-	-	58,749	36,627	151,994	-	-	151,994
Information technology	791	1,293	36,927	1,932	1,070	-	366	14,513	56,892	81,357	88	138,337
Bank fees	12,000	1,314	2,931	2,815	171	774	3,122	30,497	53,624	41,905	3,547	99,076
Miscellaneous	-	8,920	12,317	48,648	800	4,510	970	108	76,273	2,160	6,508	84,941
Event expenses	-	152	77	-	-	-	1,543	-	1,772	-	70,198	71,970
Training	-	5,312	38,338	-	1,330	-	94	646	45,720	21,936	-	67,656
Vehicles	-	656	891	-	-	-	4,419	33,007	38,973	26	343	39,342
Professional fees	-	-	345	-	3,163	-	-	-	3,508	45,097	-	48,605
Insurance	-	-	461	-	-	-	-	-	461	44,736	-	45,197
Interest	-	-	22,515	-	6,088	-	1,724	-	30,327	4,994	-	35,321
Student food	-	-	34,268	-	-	-	-	-	34,268	-	-	34,268
Postage	1,157	883	184	855	-	-	15,877	-	18,956	10,182	4,038	33,176
Memberships, licenses and fees	-	4,190	5,080	-	5,300	824	588	6,100	22,082	9,194	1,222	32,498
Human resources	-	-	-	-	-	-	1,086	577	1,663	29,030	-	30,693
Warehouse supplies	-	-	18	-	-	-	5,860	22,623	28,501	(59)	-	28,442
Furniture and fixtures	-	-	17,486	-	-	760	745	4,987	23,978	851	-	24,829
Conferences	188	2,312	2,121	227	421	-	674	1,924	7,867	10,424	5,624	23,915
Depreciation	-	229	310	-	-	-	1,540	11,503	13,582	24,026	119	37,727
Office expenses	-	-	7,694	599	-	-	16	103	8,412	33,543	102	42,057
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	-	8,652	-	8,652
Security	-	900	8,427	-	-	2,400	-	-	11,727	-	-	11,727
Merchandise	1,207	-	709	-	-	129	72	480	2,597	5,307	74	7,978
Volunteers	100	-	-	-	-	2,084	851	-	3,035	168	2,801	6,004
Advertising	-	-	-	-	-	-	-	299	299	3,996	-	4,295
Curriculum	-	-	1,650	-	-	-	-	-	1,650	-	-	1,650
Total functional expenses	1,050,994	293,651	1,114,608	451,247	107,559	811,857	852,953	31,354,839	36,037,708	1,586,259	300,745	37,924,712
Special event - direct benefit to donor	-	-	-	-	-	-	-	-	-	-	(56,242)	(56,242)
Functional expenses, net direct benefit to donors	$ 1,050,994	$ 293,651	$ 1,114,608	$ 451,247	$ 107,559	$ 811,857	$ 852,953	$ 31,354,839	$ 36,037,708	$ 1,586,259	$ 244,503	$ 37,868,470

See Notes to Consolidated Financial Statements.

MATTER and Subsidiary

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities		
Change in net assets	$	(1,182,990)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities		
Contributed inventory		(28,086,499)
Inventory donated to beneficiaries		29,553,546
Contributed property and equipment		(120,675)
Depreciation		37,727
Loss on disposal of property and equipment		8,652
Lease amortization and accretion		171,132
Net investment return retained in certificate of deposit		(7,754)
Change in operating asset and liabilities		
Contributions receivable		439,677
Accounts receivable		(440,047)
Purchased inventory		(233,746)
Prepaid expenses		(25,270)
Accounts payable		367,645
Accrued payroll and payroll taxes		17,560
Lease liability		(199,007)
Net cash provided by operating activities		299,951
Cash flows from investing activities		
Proceeds from certificate of deposit		315,280
Net increase in notes receivable		(4,409)
Net cash provided by investing activities		310,871

MATTER and Subsidiary

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from financing activities		
Principal payments on finance lease agreement		(27,372)
Payments on long-term payable		(36,361)
Principal payments on long-term debt		(92,777)
Principal payments on obligation under line of credit agreement		(100,000)
Net cash used in investing activities		(256,510)
Net increase in cash and cash equivalents		354,312
Cash and cash equivalents, beginning		1,129,896
Cash and cash equivalents, end	$	1,484,208
Supplemental disclosures of cash flows information		
Cash paid during the year for		
Interest	$	35,321
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	202,886

See Notes to Consolidated Financial Statements.

Note 1 - Description of organization and summary of significant accounting policies

Description of organization

MATTER and Subsidiary (the "Organization") is a Minnesota-based nonprofit organization that works with partners in the United States and internationally to expand access to health, nutrition, education, economic opportunity, and other resources that help communities thrive.

The Organization sources donated medical supplies and equipment from healthcare providers, manufacturers, distributors, and other partners. These resources are sorted, prepared, and distributed through domestic and international projects, partner organizations, and other channels to increase access to needed medical resources in communities around the world.

The Organization operates MATTER 360, a social enterprise that distributes and repurposes medical supplies and equipment through resale, recycling, and other channels. MATTER 360 helps extend the useful life of donated and acquired medical products, keeps usable resources from going into landfills, and generates revenue to support the Organization's charitable mission. The Organization's long-term goal is for MATTER 360 revenue to cover 100% of organizational overhead, allowing charitable contributions to be directed more fully toward mission and program activities.

The Organization's domestic food programs promote access to beneficial food and resources that support children and families. Through MATTERbox and related initiatives, the Organization provides food, nutrition education, activities, and other resources designed to support well-being and address food insecurity. The Organization also distributes Hope Kits containing personal care and hygiene items to help bring dignity and practical support to individuals and families experiencing transition or hardship. These programs provide corporate partners with meaningful employee-engagement opportunities through hands-on packing and service activities that connect teams directly to the Organization's mission and the communities served.

The Organization coordinates international shipments of nutritious shelf-stable food to communities experiencing food insecurity and humanitarian need. Each year, significant quantities of packaged meals are distributed through established international partners to support relief and community nutrition efforts.

The Organization's education and workforce-development initiatives in Zimbabwe include the MATTER Innovation Hub and the MATTER Career Readiness Institute. These programs provide hands-on learning, technology, entrepreneurship, career-readiness training, and opportunities for participants to develop practical skills. The Organization also supports job creation and economic opportunity through an investment fund that provides capital to small and medium-sized enterprises, helping businesses grow, creating employment opportunities, and strengthening local communities in Zimbabwe.

The Organization's Chaya program supports sustainable nutrition and food security by promoting the cultivation and use of chaya, a nutrient-rich perennial plant. The program is primarily focused in Zimbabwe, with additional work in several other countries, and partners with local communities to establish sustainable sources of nutritious food.

In addition to its core programs, the Organization works with donors, community partners, and local leaders to develop and support other projects that respond to identified community needs. These initiatives vary by location and may include recreational and community infrastructure, such as skate parks, medical projects that provide equipment and resources to healthcare facilities, and other locally driven projects intended to improve quality of life and create lasting community benefit.

The Organization also engages volunteers in hands-on activities that support its medical, nutrition, and other charitable programs.

Principles of consolidation
The consolidated financial statements include the financial statements of MATTER and Expired Medical Supplies ("EMS"). EMS was created in 2023 specifically to sell expired medical supplies that cannot be donated. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of presentation
Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of imposed restrictions, as either:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Basis of accounting and support and revenue recognition
The Organization maintains its books and records on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles ("GAAP").

For contracts that are within the scope of FASB ASC 606, *Revenue from Contracts with Customers*, the Organization performs the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Organization satisfies a performance obligation.

Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. For performance obligations related to program services, MATTER 360 repurposing, and special events, control transfers to the customer and revenue is recognized at a point in time when the event occurs.

The Organization does not have any significant financing components as payments are received at or shortly after the point of sale.

Cash and cash equivalents
For purposes of the consolidated statements of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the consolidated statement of financial position.

Contributions receivable
Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of clients, providers, donors and grantors having outstanding balances, it has concluded that realization losses on balances outstanding at year end will be immaterial. Therefore, no valuation allowance is maintained for these receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off. All receivables are expected to be collected within one year of the consolidated statement of financial position date.

Accounts receivable
Accounts receivable are carried at their outstanding principal amounts, less an allowance for credit losses. All accounts receivable are expected to be collected within one year of the consolidated statement of financial position date. Accounts receivable as of January 1, 2025 was $92,202.

Notes receivable
The organization has notes receivable from other nonprofit organizations located primarily in Africa. The notes are stated at unpaid principal balances, are generally unsecured, and charge interest at the Secured Overnight Financing Rate ("SOFR") plus 8%.

Allowance for credit losses
The allowance for credit losses under the current expected credit loss (CECL) methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of accounts and notes receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where receivables do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer or borrower. The Organization has determined its estimate of expected losses over the remaining contractual life of its receivables is not significant to the financial statements. Based on this an allowance for credit losses is not considered necessary as of December 31, 2025.

Inventory
Inventory consists primarily of contributed medical supplies, food and domestic goods. Contributions of in-kind assets that have not been distributed as of December 31, 2025 are recorded as inventory at the lower of their approximate current fair value or their approximate fair value at the date of the contribution. The Organization believes that this approximates the lower of cost or net realizable value in the market. Donated inventories are expected to be distributed in the following year. The value of the donated inventory represents a significant estimate which could change in the near term. Purchased inventory is stated at the lower of cost or net realizable value. Purchased inventory consists primarily of food.

Property and equipment
Property and equipment is carried at cost if purchased and fair value if donated, and is being depreciated using the straight-line method over the estimated useful lives of the assets, which is typically five years. The Organization's policy is to capitalize and depreciate property and equipment which has a cost in excess of $2,000 and an estimated useful life of at least one year.

Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in other assets as operating lease right-of-use ("ROU") assets and current and long-term operating lease liabilities on the consolidated statements of financial position. Finance leases are included in property and equipment, current liabilities, and long-term liabilities on the consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payment made prior to the commencement date and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization has elected to use the rate implicit in the lease or the risk-free rate based on information available at the commencement date for the lease term when determining the present value of lease payments.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease agreements have lease and nonlease components, which are generally accounted for separately. The amount of the nonlease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor in proportion to the space leased, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

In-kind contributions and donations to beneficiaries

The Organization receives contributions of medical equipment, supplies, food and other miscellaneous items. Contributions of donated noncash assets are recorded at their estimated fair values at the date of gift in the period received, based upon the quantities donated and considering the condition and utility of the items received and primarily based on wholesale values. The Organization only records the value of in-kind gifts for which it is the recipient and for which the Organization has the unilateral power to redirect the use to beneficiaries of its choice.

Gift-in-kind donations of noncash assets by the Organization to beneficiaries are recorded as donations at the date of distribution.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of volunteers have donated significant time to the Organization's program services which have not been reflected in the accompanying consolidated financial statements since the recognition criteria were not met.

The estimates of the fair value of in-kind contributions and in-kind donations to beneficiaries of noncash assets represent significant estimates which could change in the near term.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. As a result, the Organization does not pay federal income tax. Therefore no provision or liability for federal income taxes has been included in the consolidated financial statements.

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the consolidated financial statements or related disclosures.

The Organization's federal informational returns are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed.

Concentration of credit risks

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and receivables. The Organization keeps its cash and cash equivalents with high quality financial institutions. At times, balances maintained at these financial institutions may exceed the federally insured limit. As of December 31, 2025, the Organization had cash and cash equivalent balances of approximately $1,016,000 in excess of the federally insured limit.

Management routinely assesses the financial strength of its customers and donors and as a consequence, believes that receivables credit risk exposure is limited.

Functional allocation of expenses
The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Expenses charged to program services and supporting services, if not directly identifiable, are allocated to the services benefited based on estimates by management. Administrative expenses typically include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Fundraising expense includes costs of special events other than direct donor benefits as well as the efforts to secure both cash and in-kind contributions.

The primary expenses that are allocated include payroll, payroll taxes, employee benefits, telephone and internet which are allocated on the basis of estimates of time and effort, warehouse rent expense which is allocated on the basis of estimated space applicable to each program or supporting service, and office expense, insurance, and depreciation and amortization which are allocated on the basis of overall size of each program or supporting service. All other expenses are directly allocable or allocated in a manner as considered practicable.

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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant management estimates include valuation of donated inventory, the valuation of other in-kind donations, and the expense allocations to program and supporting services on the consolidated statement of functional expenses.

Subsequent events
In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 27, 2026, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and availability

The following reflects the Organization's financial assets as of December 31, 2025, reduced by amounts not available for general use because of donor restrictions or other contractual considerations within one year of the consolidated statement of financial position date.

Cash and cash equivalents	$	1,484,208
Contributions receivable		53,797
Accounts receivable		532,249
Notes receivable		146,340
Total financial assets		2,216,594
Less		
Purpose restricted net assets		724,837
Financial assets available to meet cash needs for general expenditures within one year	$	1,491,757

As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, as further described in Note 6, the Organization has line of credit agreements, which could be drawn upon in the event of an unanticipated liquidity need.

Note 3 - Purchased and donated inventory

Inventory as of December 31, 2025 consisted of the following:

Purchased inventory		
Food	$	62,285
Donated inventory		
Medical supplies		17,278,164
Total inventory	$	17,340,449

Note 4 - Property and equipment

Property and equipment as of December 31, 2025 consisted of the following:

Leasehold improvements	$	121,477
Machinery and equipment		29,831
Vehicles		156,810
Software		223,699
Furniture and fixtures		48,858
Total		580,675
Less accumulated depreciation		301,193
Property and equipment, net	$	279,482

Depreciation expense for the year ended December 31, 2025 was $37,727.

Note 5 - Long-term debt

The Organization's long-term debt as of December 31, 2025 was as follows:

Note payable, due in monthly payments of $641 beginning in January 2023, through June 2050, including interest at 2.75%, secured by substantially all of the Organization's assets.	$	145,036
Less current portion		3,623
Long-term debt, net	$	141,413

Maturities of long-term debt as of December 31, 2025, were as follows:

Year Ending December 31,	Amounts
2026	$ 3,623
2027	3,724
2028	3,828
2029	3,934
2030	4,044
Thereafter	125,883
Total	$ 145,036

Note 6 - Line of credit agreements

The Organization has a revolving line of credit agreement with its bank, under which it may borrow up to $200,000. The line, which matures on January 26, 2027, bears interest at the Prime Rate as published by the Wall Street Journal (6.75% as of December 31, 2025), but not less than 5.00%. The note is secured by substantially all of the Organization's assets.

The Organization has a second revolving line of credit agreement with its bank, under which it may borrow up to $370,000. The line, which matures on July 31, 2027, bears interest at the Prime Rate as published by the Wall Street Journal (6.75% as of December 31, 2025) less 0.75%. The note is guaranteed by a donor of the Organization.

The Organization had outstanding draws on all lines of credit of $270,000 as of December 31, 2025.

Note 7 - Net assets

Net assets with donor restrictions as of December 31, 2025 consisted of the following:

Humanitarian	$ 333,410
Education	202,502
MATTERbox	102,527
MATTER loans	38,371
Chaya	24,393
Insight trips	12,781
Samkele	10,853
Total net assets with donor restrictions	$ 724,837

Net assets were released from donor restrictions by meeting the donor purpose requirements or the expiration of time for the year ended December 31, 2025 and consisted of the following:

Innovation hub	$	416,853
Education		197,517
You MATTER		139,380
Chaya		132,142
Hospitals and clinics		75,470
Samkele		60,544
GHI - Binga		56,664
Loans		43,129
MATTERbox		40,000
Insight Trips		37,784
Agriculture		26,390
Senegal project		3,076
Total net assets released from restrictions	$	1,228,949

Note 8 - Leases

Operating lease

The Organization leases office and warehouse space from a related party company as discussed in Note 11. The lease requires payments of $17,328 through October 2026. The Organization is obligated to pay costs of insurance, taxes, repairs, and utilities pursuant to the terms of the lease. The Organization also leases additional warehouse space from an unrelated party under a month-to-month lease agreement. The components of rent expense for the year ended December 31, 2025 were as follows:

Operating lease cost	$	175,011
Variable operating lease costs		260,763
Total rent expense	$	435,774

The weighted average remaining lease term for the operating lease as of December 31, 2025 was 0.8 years. The weighted average discount rate for the operating lease as of December 31, 2025 was 1.47%.

Future minimum commitments for payment of rent under the operating lease are as follows at December 31, 2025:

Year Ending December 31,		Totals
2026	$	173,280
Less imputed interest		952
Total	$	172,328

Finance leases

The Organization's finance lease obligations as of December 31, 2025 consisted of the following:

Truck lease, payable in monthly installments of $1,400, including interest at 8.868%, to January 2027	$	17,292
Forklift lease, payable in monthly installments of $1,013 including interest at 4.81%, to April 2029		37,519
Forklift lease, payable in monthly installments of $269 including interest at 4.72%, to June 2029		10,434
Total		65,245
Less current portion		29,342
Long-term finance lease obligation, net	$	35,903

The weighted average remaining lease term for finance leases as of December 31, 2025 was 2.8 years. The weighted average discount rate for finance leases as of December 31, 2025 was 5.85%.

Future minimum lease payments for the finance lease obligations as of December 31, 2025 were as follows:

Year Ending December 31,	Amounts
2026	$ 32,184
2027	16,784
2028	15,384
2029	5,664
Total lease payments	70,016
Less amounts representing interest	4,771
Subtotal	65,245
Less current portion	29,342
Long-term finance lease obligation, net	$ 35,903

Property and equipment held under finance lease obligations as of December 31, 2025, included in property and equipment in the accompanying consolidated statements of financial position, was as follows:

Vehicles	$	146,502
Less accumulated depreciation		97,850
Property and equipment under finance leases, net	$	48,652

Depreciation expense related to finance leases for the year ended December 31, 2025 was $30,511.

Note 9 - Retirement plans

The Organization maintains a retirement plan for all of the Organization's employees who have met certain eligibility requirements. The Organization contributed $145,878 to its retirement plan for the benefit of employees for the year ended December 31, 2025.

Note 10 - Gifts in kind

The Organization received gifts in kind (primarily medical equipment and supplies) for the year ended December 31, 2025 of approximately $28,100,000. The estimated fair value of these items was based upon approximated wholesale values after considering their marketability and usability. No contributed nonfinancial assets were restricted by donors during the year ended December 31, 2025.

The Organization has donated or plans to donate a large portion of these gifts in kind to other beneficiaries. Donations to beneficiaries include medical equipment donated to beneficiaries in foreign countries and clothing, food, and household items distributed primarily to other nonprofit organizations in Minnesota. Donations to beneficiaries expense totaled approximately $29,500,000 for the year ended December 31, 2025.

In addition, a portion of in-kind donations has been repurposed via resales and recycling, funding the Organization's operations and covering the majority of overhead expenses. This strategic reallocation of resources underscores MATTER's commitment to sustainable resource management. By leveraging social enterprise initiatives, MATTER aims to generate revenue streams that not only support the Organization's projects but also contribute to the overall sustainability of the Organization. The Organization monetized contributed nonfinancial assets of approximately $4,300,000 during the year ended December 31, 2025.

The Organization typically receives significant contributions in the form of donated services. These services include assistance with programs, administrative tasks, and fundraising events. During the year ended December 31, 2025, the Organization recognized approximately $58,000 of donated services. In addition, the Organization recognized approximately $120,000 of donated equipment during the year ended December 31, 2025.

Note 11 - Related party transactions

The Organization is related to the company which leases space to the Organization as described in Note 8. A board member of the Organization is the controlling shareholder in the related company. The existence of this relationship could result in changes in net assets or financial position of the Organization that are significantly different from those that would have been obtained if the entity was autonomous.

Total rent expense for this lease for the year ended December 31, 2025, was approximately $353,000, which includes lease operating costs (executory costs) of approximately $150,000.

During the year ended December 31, 2025, the Organization received contributions from board members of approximately $35,000.

Note 12 - Revenue and contract balances

Performance obligations satisfied at a point in time totaled $4,636,850 for the year ended December 31, 2025.

Revenue from performance obligations satisfied at a point in time consists of MATTER 360 Repurposing, program service revenue, and a portion of the Organization's special events.

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