REVIEWED
FINANCIAL STATEMENTS

MARCH 31, 2025

SUB ZERO MISSION

INDEX

MARCH 31, 2025

Page

INDEPENDENT ACCOUNTANT'S REVIEW REPORT 1

STATEMENT OF FINANCIAL POSITION 2

STATEMENT OF ACTIVITIES 3

STATEMENT OF FUNCTIONAL EXPENSES 4

STATEMENT OF CASH FLOWS 5

NOTES TO FINANCIAL STATEMENTS 6

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Sub Zero Mission

We have reviewed the accompanying financial statements of Sub Zero Mission (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Sub Zero Mission and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Cleveland, Ohio
July 31, 2025

H&J
Certified Public Accountants

SUB ZERO MISSION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2025

	TOTAL
ASSETS	
Cash and Cash Equivalents	$ 349,093
Inventory:	
Store	26,279
Warming Items	83,126
Fixed Assets	596,202
	$ 1,054,700
LIABILITIES AND NET ASSETS	
Accounts Payable and Accrued Expenses	$ 18,073
TOTAL LIABILITIES	18,073
NET ASSETS	
Without Donor Restrictions	1,036,627
TOTAL LIABILITIES AND NET ASSETS	$ 1,054,700

SUB ZERO MISSION

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2025

SUPPORT AND REVENUE		
Grants and Contributions	$	514,243
Special Events, Net		138,206
In-Kind Contributions		117,690
Store Sales, Net of Cost of Sales of $67,439		4,439
Interest Income		73
TOTAL SUPPORT AND REVENUE		774,651
EXPENSES		
Program Services		497,335
Management and General		41,328
Fund Development		35,709
TOTAL EXPENSES		574,372
CHANGE IN NET ASSETS		200,279
NET ASSETS – Beginning		836,348
NET ASSETS – Ending	$	1,036,627

SUB ZERO MISSION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2025

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND DEVELOPMENT	TOTAL
EXPENSES				
Salaries and Wages	$ 121,071	$ 17,076	$ 12,798	$ 150,945
Payroll Taxes	13,533	2,555	1,915	18,003
	134,604	19,631	14,713	168,948
Donated Goods Used in Programs	117,070	-	-	117,070
Vehicle Repair and Maintenance	40,150	-	-	40,150
Occupancy	35,115	1,109	739	36,963
Donated Store Goods to Volunteers	33,730	-	-	33,730
Office Expense	23,990	6,028	3,014	33,032
Depreciation	25,287	782	-	26,069
Advertising and Marketing	12,861	-	12,861	25,722
Insurance	17,849	2,496	-	20,345
Information Technology	13,243	836	835	14,914
Donations	12,480	-	-	12,480
Travel	9,513	1,057	-	10,570
HVRP Expenses	10,001	-	-	10,001
Landscaping	8,849	-	-	8,849
Professional Services	-	3,583	-	3,583
Miscellaneous	-	-	3,547	3,547
Board and Staff Development	-	5,806	-	5,806
Interest	2,593	-	-	2,593
TOTAL EXPENSES	$ 497,335	$ 41,328	$ 35,709	$ 574,372

See independent accountant’s review report and accompanying notes.

SUB ZERO MISSION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	200,279
Adjustments to Reconcile Changes in Net Assets to Cash Provided by Operating Activities:		
Depreciation		26,069
Changes in Operating Assets and Liabilities:		
Inventory		(2,708)
Accounts Payable and Accrued Expenses		3,352
Net Provided by Operating Activities		226,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(8,530)
Net Used by Investing Activities		(8,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt		(72,388)
Net Used by Financing Activities		(72,388)
NET INCREASE IN CASH AND CASH EQUIVALENTS		146,074
CASH AND CASH EQUIVALENTS – Beginning		203,019
CASH AND CASH EQUIVALENTS – Ending	$	349,093
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest Paid	$	2,593

See independent accountant’s review report and accompanying notes.

SUB ZERO MISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

NATURE OF OPERATIONS AND MISSION STATEMENT

Sub Zero Mission ("the Organization") is an Ohio nonprofit corporation, receives financial support through contributions from individuals, corporations and foundations, generally located in Northeast Ohio.

The Sub Zero Mission is a privately held, fully accredited charity based in Ohio. Our Mission is to prevent the freezing and injury caused by extreme weather exposure to the homeless and financially destitute Americans. We have special focus on military veterans. We collect sleeping bags and other warming items and distribute these directly to the homeless.

We have delivered warming items in over 40 cities in 8 different states, serving over 16,000 people experiencing homelessness to date.

The Homeless Veterans Re-Empowerment Program (HVRP) provides a safe and supportive pathway for veterans to rebuild their lives. By offering a range of services, including counseling, education, and mentoring, HVRP empowers veterans to:

- Overcome challenges
- Achieve stability
- Restore dignity

Through this holistic approach, HVRP honors the service and sacrifice of America's veterans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The Organization classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

The preparation of financial statements in certain instances requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 for all combined deposits at the same bank. At March 31, 2025, the Organization's cash balances exceeded federally insured limits by approximately $99,000. The Organization maintains its cash with high quality financial institutions which the Organization believes limit these risks. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

SUB ZERO MISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

CONCENTRATION OF RISK

The Organization, by its nature, operates in a small geographic area and therefore is subject to changes in the local economy.

ALLOWANCE FOR CREDIT LOSSES

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

INVENTORY

Store inventory, representing clothing, books and other items, is recorded at the lower of cost or market, on a first-in, first-out basis. The allowance for store inventory obsolescence at March 31, 2025 was zero.

Warming item inventory is recorded at fair value on the date of receipt. Fair value is measured using observable selling prices for comparable items in the Organization's principal market (local discount retailers and thrift stores). The allowance for warming item store inventory obsolescence at March 31, 2025 was zero.

FIXED ASSETS

Fixed assets are recorded at historical cost, or if donated, at fair market value at date of donation. Land, building, and equipment purchased or donated with a value in excess of $5,000 is capitalized. Depreciation is computed using the straight-line method over the useful lives of the related assets. The estimated useful lives are as follows:

Building & Improvements	15-30 years
Furniture & Fixtures	7-10 years
Office Equipment	5 years
Vehicles	5 years

SUB ZERO MISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Organization. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization receives services from volunteers who give significant amounts of their time to the Organization's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

The Organization receives donations of new clothing, sleeping bags, tents, and related outdoor-shelter items for distribution to individuals experiencing homelessness. Gifts-in-kind are recognized as contribution revenue (without donor restrictions) and as expense or inventory when *all* of the following ASC 958-605 criteria are met: the assets are non-financial, measurable at fair value, and the Organization takes possession and has control.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses reflects the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation amount the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis.

ADVERTISING

Advertising costs are expensed as incurred.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

SUB ZERO MISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

LEASE ACCOUNTING

The Organization evaluates all contractual arrangements in accordance with the provisions of FASB ASC Topic 842, *Leases*, to determine whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As of March 31, 2025, the Organization does not have any material operating or finance leases that require recognition of right-of-use (ROU) assets or lease liabilities on the statement of financial position.

The Organization has elected the short-term lease exemption under ASC 842 and, accordingly, does not recognize ROU assets or lease liabilities for leases with a non-cancelable term of 12 months or less. Lease payments associated with these short-term leases are recognized on a straight-line basis over the lease term and are included in occupancy or other functional expense categories, depending on the nature of the leased asset.

2. FIXED ASSETS

Fixed assets at March 31, 2025 consist of the following

Land	$	105,340
Land Improvements		60,575
Buildings		440,528
Office Improvements		5,105
Equipment		8,530
Vehicles		57,587
		677,665
Accumulated Depreciation		(81,463)
	$	596,202

3. DEBT AND MORTGAGE PAYOFF

In 2025, the Organization paid off its entire mortgage debt in the amount of $72,388 using unrestricted net assets. As of the date of the financial statements, the Organization has no remaining obligations related to this mortgage.

4. SPECIAL EVENTS

The Organization conducts special fundraising events, with revenue, direct donor benefits, and other event-related expenses as follows:

Revenue	$	191,755
Direct Donor Benefits		(53,549)
	$	138,206

SUB ZERO MISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2025

5. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at March 31, 2025:

Financial Assets at Year-End:	
Cash and Cash Equivalents	$ 349,093

Financial assets are considered available unavailable when illiquid, not convertible to cash within one year, or restricted by donors either for long-term purposes or for use in a certain time period. The Organization has certain donor-restricted net assets that are available for general expenditures within one year of MARCH 31, 2025, because restrictions on the net assets are expected to be met by conducting normal activities of its programs in the coming year.

The Organization is substantially supported by contributions and grants and depends on contributions without restrictions to meet its ongoing obligations. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments.

6. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 31, 2025, date the financial statements were available to be issued.