ToolBank USA, Inc
(A Not-for-Profit Organization)

Financial Statements

December 31, 2025 and 2024
Together with
INDEPENDENT AUDITOR'S REPORT

ToolBank USA, Inc.
Table of Contents
December 31, 2025 and 2024

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9

Susan K. Miller CPA, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ToolBank USA, Inc.

Opinion

I have audited the accompanying financial statements of ToolBank USA, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2025 and December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ToolBank USA, Inc. as of as of December 31, 2025 and December 31, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of ToolBank USA, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of ToolBank USA, Inc. to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of ToolBank USA, Inc. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the ability of ToolBank USA, Inc. to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Firm's signature

Susan K. Miller CPA

Susan K. Miller CPA, LLC
Peachtree Corners, GA
October 9, 2026

ToolBank USA, Inc.
Statements of Financial Position
For the Years Ended December 31,

	2025	2024
Assets		
Cash	$ 96,292	$ 366,442
Cash - short term investments	1,863,609	1,548,457
Promises to give	275,538	98,601
Prepaid expenses and other assets	249,789	37,734
Fixed assets:		
Tools available for borrowing, net	870,070	566,528
Property and equipment, net	339,372	323,844
Right to use asset	292,728	-
Total assets	**$ 3,987,398**	**$ 2,941,606**
Liabilities and Net Assets:		
Liabilities:		
Accounts payable	32,320	30,695
Due to affilitates	-	315,250
Lease liability	297,305	-
Total liabilities	**329,625**	**345,945**
Net assets:		
Without donor restrictions:		
Undesignated	3,382,235	2,124,560
	3,382,235	**2,124,560**
With donor restrictions:		
Purpose restrictions	-	372,500
Time restrictions	275,538	98,601
	275,538	**471,101**
Total net assets	**3,657,773**	**2,595,661**
Total liabilities and net assets	**$ 3,987,398**	**$ 2,941,606**

ToolBank USA, Inc.
Statement of Activities
For the Year Ended December 31,

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions and grants	$ 3,190,205	$ 275,538	$ 3,465,743
In-kind contributions	623,924	-	623,924
Affiliate fees	12,000	-	12,000
Tool Replacement Fees	5,489	-	5,489
Interest income	65,153	-	65,153
Net assets released from restrictions	471,101	(471,101)	-
Total revenues, support, and reclassifications	4,367,872	(195,563)	4,172,309
Expenses:			
Program activities:			
ToolBank USA	977,884	-	977,884
ToolBank disaster services	1,712,240	-	1,712,240
Supporting activities:			
Management and general	130,714	-	130,714
Fundraising and development	289,359	-	289,359
Total expenses	3,110,197	-	3,110,197
Total expenses and losses	3,110,197	-	3,110,197
Change in net assets	1,257,675	(195,563)	1,062,112
Net assets, beginning of year	2,124,560	471,101	2,595,661
Net assets, end of year	$ 3,382,235	$ 275,538	$ 3,657,773

ToolBank USA, Inc.
Statement of Activities
For the Year Ended December 31,

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions and grants	$ 2,013,352	$ 825,514	$ 2,838,866
In-kind contributions	813,610	-	813,610
Affiliate fees	12,000	-	12,000
Tool Replacement Fees	2,366	-	2,366
Interest income	33,690	-	33,690
Net assets released from restrictions	994,042	(994,042)	-
Total revenues, support, and reclassifications	3,869,060	(168,528)	3,700,532
Expenses:			
Program activities:			
ToolBank USA	939,847	-	939,847
ToolBank disaster services	1,996,326	-	1,996,326
Supporting activities:			
Management and general	111,371	-	111,371
Fundraising and development	230,318	-	230,318
Total expenses	3,277,862	-	3,277,862
Total expenses and losses	3,277,862	-	3,277,862
Change in net assets	591,198	(168,528)	422,670
Net assets, beginning of year	1,533,362	639,629	2,172,991
Net assets, end of year	$ 2,124,560	$ 471,101	$ 2,595,661

ToolBank USA, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Activities			Supporting Activities			
	ToolBank USA	Disaster Services	Total	Management and general	Fundraising and development	Total	Total expenses
Operating expenses - Cash							
Compensation and benefits	$ 447,620	$ 629,463	$ 1,077,083	$ 97,916	$ 223,808	$ 321,724	$ 1,398,807
Advertising and promotion	3,419	4,808	8,227	748	1,710	2,458	10,685
Contributions to affiliates	92,719	-	92,719	-	-	-	92,719
Direct project costs	-	83,066	83,066	-	-	-	83,066
Dues and subscriptions	9,674	13,605	23,279	2,116	4,837	6,953	30,232
Information technology	77,042	15,408	92,450	-	10,273	10,273	102,723
Training & professional development	1,897	2,667	4,564	415	948	1,363	5,927
Insurance	1,747	32,496	34,243	349	350	699	34,942
Occupancy	6,035	289,699	295,734	3,018	3,018	6,036	301,770
Office expense	17,445	24,532	41,977	3,816	8,723	12,539	54,516
Professional fees	1,707	1,708	3,415	7,171	23,560	30,731	34,146
Repairs and maintenance	-	16,143	16,143	-		-	16,143
Special Projects	212,011	-	212,011	-	-	-	212,011
Travel	78,291	56,939	135,230	-	7,117	7,117	142,347
	949,607	1,170,534	2,120,141	115,549	284,344	399,893	2,520,034
Operating expenses - Donated							
Contributions to affiliates	3,304	-	3,304	-	-	-	3,304
Dues and subscriptions	4,800	6,750	11,550	1,050	2,400	3,450	15,000
Project costs	4,986	94,736	99,722	-	-	-	99,722
Office expense	9,957	189,183	199,140	-	-	-	199,140
	23,047	290,669	313,716	1,050	2,400	3,450	317,166
Operating expenses - Non-cash							
Depreciation and amortization	5,230	251,037	256,267	2,615	2,615	5,230	261,497
Bad Debts	-	-	-	11,500	-	11,500	11,500
	5,230	251,037	256,267	14,115	2,615	16,730	272,997
Total expenses	$ 977,884	$ 1,712,240	$ 2,690,124	$ 130,714	$ 289,359	$ 420,073	$ 3,110,197

The accompanying notes are an integral part of this financial statement

ToolBank USA, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Activities			Supporting Activities			
	ToolBank USA	Disaster Services	Total	Management and general	Fundraising and development	Total	Total expenses
Operating expenses - Cash							
Compensation and benefits	$ 384,859	$ 635,018	$ 1,019,877	$ 89,800	$ 173,187	$ 262,987	$ 1,282,864
Advertising and promotion	6,987	11,529	18,516	1,630	3,144	4,774	23,290
Contributions to affiliates	160,846	-	160,846	-	-	-	160,846
Direct project costs	-	117,230	117,230	-	-	-	117,230
Dues and subscriptions	7,773	12,826	20,599	1,814	3,498	5,312	25,911
Information technology	90,200	18,040	108,240	-	12,027	12,027	120,267
Insurance	2,766	51,441	54,207	553	553	1,106	55,313
Occupancy	4,363	209,441	213,804	2,182	2,182	4,364	218,168
Office expense	13,905	22,944	36,849	3,245	6,258	9,503	46,352
Professional fees	1,389	1,389	2,778	5,835	19,171	25,006	27,784
Repairs and maintenance	-	16,126	16,126	-	-	-	16,126
Special Projects	158,573	-	158,573	-	-	-	158,573
Travel	66,126	48,092	114,218	-	6,011	6,011	120,229
	897,787	1,144,076	2,041,863	105,059	226,031	331,090	2,372,953
Operating expenses - Donated							
Dues and subscriptions	4,500	7,425	11,925	1,050	2,025	3,075	15,000
Project costs	23,778	451,780	475,558	-	-	-	475,558
Office expense	9,258	175,896	185,154	-	-	-	185,154
	37,536	635,101	672,637	1,050	2,025	3,075	675,712
Operating expenses - Non-cash							
Depreciation and amortization	4,524	217,149	221,673	2,262	2,262	4,524	226,197
Bad Debts	-	-	-	3,000	-	3,000	3,000
	4,524	217,149	221,673	5,262	2,262	7,524	229,197
Total expenses	$ 939,847	$ 1,996,326	$ 2,936,173	$ 111,371	$ 230,318	$ 341,689	$ 3,277,862

The accompanying notes are an integral part of this financial statement

ToolBank USA, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	2025	2024
Cash flows from operating activities		
Change in net assets	**$ 1,062,112**	**$ 422,670**
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**261,497**	**226,197**
Donations in kind received - tools, net	**(206,361)**	**(133,638)**
Bad Debt Expense	**11,500**	-
(Increase) decrease in assets:		
Promises to give	**(188,437)**	**2,829**
Prepaid expenses and other	**(212,055)**	**37,097**
Right to use asset	**(292,728)**	**-**
Increase (decrease) in liabilities:		
Accounts payable	**1,625**	**11,317**
Due to affiliates	**(315,250)**	**293,750**
Lease liability	**297,305**	**-**
Net cash provided by operating activities	**419,208**	**860,222**
Cash flows used by investing activities		
Purchase of property and equipment	**(155,024)**	**(109,626)**
Purchase of tools	**(219,182)**	**(174,634)**
Net cash used by investing activities	**(374,206)**	**(284,260)**
Cash flows used by financing activities	**-**	**-**
Net cash used by financing activities		**-**
Net change in cash	**45,002**	**575,962**
Cash, beginning of year	**1,914,899**	**1,338,937**
Cash, end of year	**$ 1,959,901**	**$ 1,914,899**
Interest paid	-	-
Income taxes paid	-	-

Note 1: Organization and Nature of Activities

ToolBank USA, Inc. (ToolBank) is a not-for-profit organization incorporated in Atlanta, Georgia with a mission to strengthen local communities through the collaborative establishment of ToolBank affiliates across the United States, and the provision of infrastructure to promote consistency and excellence for all ToolBank affiliates. ToolBank affiliates are premier tool lending resources, serving all charitable organizations in their metropolitan areas. ToolBank affiliates are stand-alone entities not consolidated with the ToolBank, separately incorporated and with group exemption from taxation under the provisions of Section 501(c)(3) of the Internal Revenue Code in the United States. The ToolBank was established as a not-for-profit organization on March 27, 2008, in the State of Georgia.

ToolBank Disaster Services (TDS) is a national program of ToolBank USA. TDS is a mobile tool-lending program that travels to areas affected by disasters to assist with response and rebuilding efforts of other not-for-profit organizations. It can equip thousands of volunteers with needed tools, post disaster, to respond to tragedies such as hurricanes, tornadoes, fires, and floods. Trailers carry various hand and power tools, along with personal protective gear. TDS currently operates within the United States and its territories.

In addition to revenue received from affiliate fees, the ToolBank receives donations from individuals, corporations, and foundations located in the United States of America.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Financial Reporting

The accompanying financial statements are presented on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The ToolBank is required to classify information regarding its net assets, revenues, gains, and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and may be expended for any purpose in performing the primary objectives of the ToolBank. These net assets may be used at the discretion of the ToolBank's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to donor (-or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Expenses in the Statements of Activities have been reported by the functional classifications, major classes of program services and supporting activities. Program services are the activities that result in goods and services distributions to beneficiaries and members, and which fulfill the purposes or mission for which the ToolBank exists. Supporting programs are all the other activities of the ToolBank other than program services.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of management's estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash, checking and savings accounts, and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalent balances may exceed federally insured amounts. The ToolBank has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using the present value of estimated future cash flows. The discounts on those amounts are computed using the average rate the ToolBank is earning on its investments or its idle cash applicable to the years in which the pledges are received. Amortization of the discounts would be included in contributions in the accompanying statement of activities.

A valuation allowance for uncollectible promises to give is recorded based on an assessment of historical experience, current creditworthiness, economic conditions, and subsequent collections. Payments due in future periods on promises to give are restricted for the time until collected. Promises to give are written off when deemed uncollectible. At December 31, 2025, and 2024, management determined that an allowance of $11,500 and $0 for uncollectible promises to give was needed.

There were conditional promises to give at December 31, 2025, of approximately $420,000 conditional on ToolBank completing restoration projects related to past hurricanes. These projects are expected to be completed in 2026.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the current-year presentation. Short-term investments of $1,548,547 previously included in cash and cash equivalents, are now presented separately. The reclassification had no effect on previously reported net assets or change in net assets.

Tools available for borrowing

Tools, which consists of tools, equipment, and supplies, are valued at cost for items purchased and fair value for items donated.

Tools are typically received as in-kind donations as both new and used tools and are either kept or donated to an affiliate organization in need. The tool value is reduced by depreciation using the straight-line method and expensing the donated or scrapped tools. Management believes that no reserve for probable losses is required as the scrapped tools are expensed as incurred; accordingly, no reserve has been provided at December 31, 2025, and 2024.

Tools with an original fair value of less than $100 are immediately expensed (see note 5).

Leases

Beginning in January 2022, ToolBank implemented Financial Accounting Standards Board (FASB) ASU 2016-02 Leases (Topic 842). ToolBank determines if an arrangement is or contains a lease. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. ToolBank does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Property and Equipment

The ToolBank's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, in excess of $2,500 and which has a useful life greater than one year. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method.

Leasehold improvements are amortized using the straight-line method over the lesser of the useful lives of the improvements or the term of the lease.

Impairment

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment on property and equipment at December 31, 2025, and 2024.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Effective January 1, 2020, the new guidance was adopted by the ToolBank using the modified retrospective method.

Unconditional Contributions

Contributions are reported when made, which is generally when cash (or notification of a beneficial interest) is received, unconditional promises to give are made, or ownership of donated assets is transferred to the ToolBank.

The ToolBank recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, restricted net assets are reclassified to net assets without donor restrictions and presented in the accompanying statement of activities as net assets released from restrictions.

In certain cases, contributions are solicited for support and project accounts that have been previously funded by restricted resources in anticipation of receiving donor restricted contribution. Such contributions are immediately recognized as reclassifications to unrestricted support in the period received since the donor-imposed restrictions have already been satisfied.

Contributions to Acquire Long-Term Assets

Contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the ToolBank reports expirations of donor-imposed restrictions when the acquired long-term assets are placed into service.

Conditional Contributions

Conditional contributions received are either accounted for as a liability or are unrecognized initially until the barriers to entitlements are overcome, at which point the transaction is recognized as unconditional.

Affiliate fees

Affiliate fees are licensing agreements assessed annually to all ToolBank affiliates and are recognized evenly over the year. This agreement allows each ToolBank to utilize the operations manual or system programs developed by ToolBank USA. This agreement also entitles the affiliated organizations to a defined exclusive operating territory.

Donated Goods and Services

Unconditional contributions of goods are recorded at fair value at the date of donation. Conditional contributions of goods are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the asset is recognized as unconditional. There were no conditional contributions of goods at December 31, 2025, and 2024.

Contributions of long-term assets, such as property and equipment, are recorded as unrestricted support unless explicit donor stipulations specify how the long-term asset must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used are recognized as restricted support when received and are released from restrictions when the donated assets are placed into service.

Donated professional services that create or enhance nonfinancial assets, or require skills that would otherwise typically be purchased, are recorded as contributions at their estimated fair values when the services are rendered.

Volunteers contribute significant amounts of time to the program and supporting activities. No value has been assigned to this volunteer time.

Advertising

Advertising costs, which are reflected as advertising and promotion, consist primarily of direct advertisements and are expensed as incurred. Advertising expense was $10,685 and $23,291 for the years ended December 31, 2025, and 2024, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to program services, fundraising, and management and general activities based on programs and supporting services. Expenses related to more than one function are charged based on space utilized; compensation of employees who perform these duties; or on studies based on estimates of time and effort of the related expense.

Income Taxes

The ToolBank is exempt from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3). Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the ToolBank has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the ToolBank considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability or discloses potential significant changes that management believes are more likely than not to occur, including changes to the ToolBank's status as a not-for-profit entity. Management believes the ToolBank met the requirements to maintain its tax-exempt status and had no income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements. The ToolBank's tax returns for the past three years are subject to examination by tax authorities and may change upon examination. However, the ToolBank is not currently under audit, nor has it been contacted by the taxing authorities.

Subsequent Events

The date to which events occurring after December 31, 2025, have been evaluated for possible adjustment to the financial statements or disclosure is October 9, 2026, which is the date the financial statements were available to be issued. There were no subsequent events.

Note 3: Availability and Liquidity

The ToolBank prepares an annual budget that is reviewed and approved by the Board of Directors annually in advance of the upcoming year. Periodic meetings are held by the Board and the Finance Committee to review internal financial statements and budget to actual comparisons. The ToolBank does not commit to expenditures of cash is not available to meet the expenditures.

The following represents the ToolBank's financial assets available to meet cash needs for general expenditures within one year at December 31:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	**$ 1,959,901**	**$ 1,914.899**
Promises to give expected to be collected within one year	**275,538**	**98,601**
Prepaid expenses	**249,789**	**37,734**
Total financial assets	**2,485,228**	**2,051,234**
Less amounts not available to be used in current operations within one year:	-	-
Financial assets available to meet cash needs for general expenditures within one year	**$ 2,485,228**	**$ 2,051,234**

The ToolBank's goal is generally to maintain financial assets to meet three-to-six months of cash operating expenses.

Note 4: Property and Equipment

Property and equipment consisted of the following at December 31, 2025, and 2024:

	2025	2024	Estimated Useful Life (Years)
Software	**232,230**	**192,550**	3
Vehicles and equipment	**665,654**	**550,316**	5-7
	897,891	**742,866**	
Less accumulated depreciation	**(558,519)**	**(419,022)**	
Net property and equipment	**$ 393,372**	**$ 323,844**	

Depreciation expense for property and equipment for the years ended December 31, 2025, and 2024, totaled $139,497 and $113,197, respectively.

Note 5: Tools Available for Borrowing and Accounting Policy Change

A summary of tool activity for the years ended December 31, 2025, and 2024 is as follows:

	2025	2024	Estimated Useful Life (Years)
Beginning tool balance	$ 1,021,710	$ 713,438	
In-kind donations received	206,361	133,638	
Tools Purchased	218,481	174,634	
Ending tool balance	**$ 1,446,552**	**$ 1,021,710**	**7**
Less accumulated depreciation	(577,182)	(455,182)	
Net tools available for borrowing	**$ 870,070**	**$ 566,528**	

Prior to 2018, tools donated to ToolBank USA were inventoried for future contributions to new or existing affiliate ToolBanks. Accordingly, the assets were initially recorded based on fair value and evaluated annually for impairment.

Since 2017, a substantial portion of tools were put into service in disaster service and response and, as such, the tools were subject to depreciation. In recognition of this change, ToolBank has shown depreciation since 2018.

Additionally, ToolBank re-evaluated its capitalization policy. The composition of the tools available for borrowing was significantly comprised of individual assets with low individual dollar values (less than $100) and relatively short useful lives. Additionally, it was not reasonable or practical to track such assets. As such, the accounting policy was revised beginning January 1, 2018 as follows:

Tools with an initial estimated value, based on purchase price or fair market value at date of donation, greater than $100 will be capitalized and depreciated on a straight-line basis using an estimated average life for all tools of seven years. Tools with an individual value less than $100 are expensed immediately upon receipt.

Depreciation recognized on tools in 2025 and 2024 was $122,000 and $113,000 respectively.

Note 6: Leases

ToolBank leases warehouse space in several locations. The space is used to store tools and equipment for future tool banks and for disaster response and cleanup. The Organization determines whether an arrangement is or contains a lease at inception. Right-of-use (ROU) assets are the Organization's right to use an underlying asset for the lease term. Lease liabilities are its obligation to make the lease payments that arise from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

As of December 31, 2025, the Organization had three long-term operating leases for warehouse space:

- Chicago, Illinois: a 36-month lease that expires August 31, 2027. Rent escalates annually. The lease renews automatically for an additional three years unless it is canceled. The renewal period is not included in the lease term because the Organization is not reasonably certain to exercise it.
- Cerritos, California: a 36-month lease that expires January 31, 2028, with fixed annual rent escalations.
- Tampa, Florida: a lease that expires September 30, 2028, with fixed monthly rent.

None of the leases includes a purchase option, residual value guarantee, or restrictive covenant.

ToolBank has elected to use a risk-free discount rate, as permitted for entities that are not public business entities. It uses this rate to calculate the present value of lease payments for real estate leases when the rate implicit in the lease is not readily determinable. Operating lease cost is recognized on a straight-line basis over the lease term.

ToolBank has elected not to recognize ROU assets and lease liabilities for short-term leases, meaning leases with a term of 12 months or less that do not include a purchase option. Payments on short-term leases are recognized as expense on a straight-line basis over the lease term. The Organization's short-term leases consist of warehouse space in several locations, including: Florida, Georgia, Louisiana, California, Colorado, Puerto Rico, and Texas. They typically have terms of 12 months or less, and some continue on a month-to-month basis.

The rent expense for all leases totaled approximately $286,000 and $208,000 in 2025, and 2024, respectively.

Supplemental information related to leases for the year ended December 31, 2025, was as follows:

	2025
Cash paid for amounts included in the measurement of lease liabilities	$ 141,809
ROU assets obtained in exchange for operating lease liabilities	$ 292,728
Weighted-average remaining lease term - operating leases	2.1 years
Weighted-average discount rate - operating leases	3.75%

The following shows the future minimum lease payments under operating leases as of December 31, 2025, and reconciles them to the lease liabilities on the statement of financial position:

Year ending December 31,	2025
2026	$ 149,746
2027	128,573
2028	30,593
Total undiscounted lease payments	**308,912**
Less: present value discount	(11,607)
Total operating lease liabilities	**$ 297,305**

Note 7: Net Assets With Donor Restrictions

The net assets with donor restriction at December 31, 2025, and 2024 are as follows:

	2025	**2024**
Subject to expenditure for specific purpose:		
Future ToolBanks	$ -	$ 372,500
Total	$ -	$ 372,500
Subject to the passage of time:		
Pledges receivable	$ 275,538	$ 98,601
Total net assets with donor restrictions	**$ 275,538**	**$ 471,101**

During 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors were as follows:

	2025	2024
Purpose restrictions accomplished:		
Program activities	$ 372,500	$ 825,572
Capital activities	-	67,100
Expiration of time restriction	98,601	101,430
Net assets released from donor restrictions	**$ 471,101**	**$ 994,042**

Note 8: Donated Goods and Services

A summary of donated goods and services received during 2025 and 2024 follows:

	2025	2024
In-kind expenses:		
Dues and subscriptions	$ 15,000	$ 15,000
Office expense – shipping and freight	41,376	25,302
Materials and supplies, expensed	361,187	639,670
Total	**417,563**	**679,972**
Capitalized expenses:		
Tools in-kind contributions	**206,361**	**133,638**
Total in-kind contributions	**$ 623,924**	**$ 813,610**

Contributed services include software licensing subscriptions and shipping and freight services and are recognized based on current rates for similar services.

The materials, supplies and tools are valued using estimated U.S. retail prices of similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time the contribution is received.

All contributed goods and services were used by the ToolBank primarily for program services.

Note 9: Retirement Plan

In 2025 and 2024, the ToolBank had a 401K plan available to all eligible employees. Participants may elect to contribute up to the maximum amounts allowed by law. The ToolBank matches up to 4% of salary based on employee contributions. The total contributions by the ToolBank in 2025 and 2024 were $40,744 and $32,494, respectively.