

INSTITUTE FOR LOCAL SELF-RELIANCE

MINNEAPOLIS, MN

-----  
COMPARATIVE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

**KENDALL, PREBOLA AND JONES**

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**Kendall, Prebola and Jones, LLC**  
Certified Public Accountants

Board of Directors  
Institute for Local Self-Reliance  
2720 E. 22<sup>nd</sup> Street  
Minneapolis, MN 55406

INDEPENDENT AUDITOR'S REPORT

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the Institute for Local Self-Reliance (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2025 and 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute for Local Self-Reliance as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute for Local Self-Reliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute for Local Self-Reliance's ability 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***

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Institute for Local Self-Reliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute for Local Self-Reliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

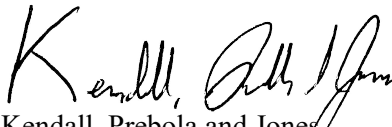
***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and notes to the Schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and related notes are fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2026, on our consideration of the Institute for Local Self-Reliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute for Local Self-Reliance's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute for Local Self-Reliance's internal control over financial reporting and compliance.



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
February 18, 2026

INSTITUTE FOR LOCAL SELF-RELIANCE  
COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2025 AND 2024

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,368,316	\$ 863,625
Certificates of Deposit	2,172,098	2,076,579
Investments	2,520,662	2,459,094
Accounts Receivable	46,760	518,795
Promises to Give	1,616,836	1,763,697
Prepaid Expenses	<u>25,449</u>	<u>72,245</u>
Total Current Assets	<u>\$ 7,750,121</u>	<u>\$ 7,754,035</u>
<u>Fixed Assets:</u>		
Office Furniture and Equipment	\$ 31,354	\$ 31,354
Website	125,837	125,837
Leasehold Improvements	4,295	4,295
Less: Accumulated Depreciation and Amortization	<u>(95,132)</u>	<u>(51,445)</u>
Total Fixed Assets	<u>\$ 66,354</u>	<u>\$ 110,041</u>
<u>Other Assets:</u>		
Promises Receivable - Non-Current	\$ 1,866,490	\$ 471,525
Security Deposits	3,089	3,089
Operating Lease, Right-of-Use Asset	<u>15,112</u>	<u>44,391</u>
Total Other Assets	<u>\$ 1,884,691</u>	<u>\$ 519,005</u>
TOTAL ASSETS	<u>\$ 9,701,166</u>	<u>\$ 8,383,081</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 120,531	\$ 819,913
Accrued Salaries, Vacation and Benefits	186,040	192,301
Refundable Advance	-	9,417
Operating Lease Liability, Current Portion	<u>15,112</u>	<u>29,279</u>
Total Current Liabilities	<u>\$ 321,683</u>	<u>\$ 1,050,910</u>
<u>Long-Term Liabilities:</u>		
Operating Lease Liability, Net of Current Portion	<u>\$ -</u>	<u>\$ 15,112</u>
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 15,112</u>
Total Liabilities	<u>\$ 321,683</u>	<u>\$ 1,066,022</u>
<u>Net Assets:</u>		
Without Donor Restrictions	\$ 4,524,857	\$ 2,958,495
With Donor Restrictions	<u>4,854,626</u>	<u>4,358,564</u>
Total Net Assets	<u>\$ 9,379,483</u>	<u>\$ 7,317,059</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,701,166</u>	<u>\$ 8,383,081</u>

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
COMPARATIVE STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	June 30, 2025			June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues, Gains and Other Support:</u>						
Contributions	\$ 2,222,637	\$ 4,838,567	\$ 7,061,204	\$ 973,397	\$ 6,154,010	\$ 7,127,407
Contributions - Government	806,558	-	806,558	277,872	-	277,872
Contract Revenue	142,750	-	142,750	381,006	-	381,006
Program Fees and Registration Fees	20,642	-	20,642	11,160	-	11,160
Honoraria and Consulting	47,290	-	47,290	167,538	-	167,538
Interest and Dividends	309,824	-	309,824	213,942	-	213,942
Realized and Unrealized Gains/(Losses)	25,851	-	25,851	(992)	-	(992)
Other Revenues	2,628	-	2,628	3,133	-	3,133
Net Assets Released from Restriction Satisfaction of Program Restrictions	<u>4,342,505</u>	<u>(4,342,505)</u>	<u>-</u>	<u>4,540,180</u>	<u>(4,540,180)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 7,920,685</u>	<u>\$ 496,062</u>	<u>\$ 8,416,747</u>	<u>\$ 6,567,236</u>	<u>\$ 1,613,830</u>	<u>\$ 8,181,066</u>
<u>Expenses:</u>						
Program Services	\$ 5,728,468	\$ -	\$ 5,728,468	\$ 6,086,894	\$ -	\$ 6,086,894
General and Administrative	410,781	-	410,781	358,221	-	358,221
Fundraising	<u>215,074</u>	<u>-</u>	<u>215,074</u>	<u>200,292</u>	<u>-</u>	<u>200,292</u>
Total Expenses	<u>\$ 6,354,323</u>	<u>\$ -</u>	<u>\$ 6,354,323</u>	<u>\$ 6,645,407</u>	<u>\$ -</u>	<u>\$ 6,645,407</u>
Change in Net Assets	\$ 1,566,362	\$ 496,062	\$ 2,062,424	\$ (78,171)	\$ 1,613,830	\$ 1,535,659
Net Assets at Beginning of Year	<u>2,958,495</u>	<u>4,358,564</u>	<u>7,317,059</u>	<u>3,036,666</u>	<u>2,744,734</u>	<u>5,781,400</u>
Net Assets at End of Year	<u>\$ 4,524,857</u>	<u>\$ 4,854,626</u>	<u>\$ 9,379,483</u>	<u>\$ 2,958,495</u>	<u>\$ 4,358,564</u>	<u>\$ 7,317,059</u>

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

June 30, 2025

	Program Services									Supporting Services		
	Total	Total Program Services	Community Broadband Networks	Energy Democracy	Independent Business	Composting for Community	The Public Good	Waste to Wealth	Communications	Total Supporting Services	General and Administrative	Fundraising
<u>Expenses:</u>												
Salaries	\$ 2,824,576	\$ 2,467,585	\$ 728,433	\$ 348,688	\$ 630,109	\$ 492,083	\$ -	\$ -	\$ 268,272	\$ 356,991	\$ 215,295	\$ 141,696
Payroll Taxes	233,545	197,765	58,696	28,032	50,764	39,386	-	-	20,887	35,780	24,018	11,762
Benefits	693,866	602,193	181,324	87,036	157,050	112,837	-	-	63,946	91,673	56,668	35,005
<b>Total Salaries, Payroll Taxes and Benefits</b>	<b>\$ 3,751,987</b>	<b>\$ 3,267,543</b>	<b>\$ 968,453</b>	<b>\$ 463,756</b>	<b>\$ 837,923</b>	<b>\$ 644,306</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 353,105</b>	<b>\$ 484,444</b>	<b>\$ 295,981</b>	<b>\$ 188,463</b>
Consultants	\$ 429,390	\$ 415,373	\$ 277,141	\$ 28,092	\$ 23,931	\$ 58,729	\$ -	\$ -	\$ 27,480	\$ 14,017	\$ 8,465	\$ 5,552
Subgrant Expense	1,357,821	1,357,821	-	125,000	1,192,821	40,000	-	-	-	-	-	-
Professional Fees	41,260	-	-	-	-	-	-	-	-	41,260	41,260	-
Website and Design	92,163	90,142	14,872	8,748	8,418	26,859	-	-	31,245	2,021	738	1,283
Telephone and Internet	18,484	16,552	4,862	2,343	4,221	3,236	-	-	1,890	1,932	1,021	911
Office Expenses	113,654	89,742	48,618	10,520	8,852	13,605	-	-	8,147	23,912	15,181	8,731
Postage and Shipping	4,455	2,630	2,461	-	-	84	-	-	85	1,825	409	1,416
Travel and Meals	215,316	208,257	74,292	4,178	12,972	96,386	-	-	20,429	7,059	6,620	439
Conferences and Meeting Expense	171,653	167,052	121,984	3,105	6,670	24,455	-	-	10,838	4,601	4,581	20
Printing and Copying	2,592	21	-	-	-	21	-	-	-	2,571	-	2,571
Publications and Dues	21,270	18,781	1,255	1,596	2,883	1,120	-	-	11,927	2,489	728	1,761
Equipment Rental and Maintenance	100	100	-	-	-	-	-	-	100	-	-	-
Occupancy	42,837	37,498	11,186	5,296	9,571	7,467	-	-	3,978	5,339	3,224	2,115
Insurance	17,406	13,476	3,991	1,931	3,483	2,683	-	-	1,388	3,930	3,215	715
Taxes and Other Filing Fees	30,247	272	-	-	-	272	-	-	-	29,975	29,068	907
Depreciation and Amortization	43,688	43,208	17,888	476	860	671	-	-	23,313	480	290	190
<b>Total Expenses</b>	<b>\$ 6,354,323</b>	<b>\$ 5,728,468</b>	<b>\$ 1,547,003</b>	<b>\$ 655,041</b>	<b>\$ 2,112,605</b>	<b>\$ 919,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 493,925</b>	<b>\$ 625,855</b>	<b>\$ 410,781</b>	<b>\$ 215,074</b>

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

June 30, 2024

	<u>Total</u>	<u>Total Program Services</u>	<u>Program Services</u>						<u>Supporting Services</u>			
			<u>Community Broadband Networks</u>	<u>Energy Democracy</u>	<u>Independent Business</u>	<u>Composting for Community</u>	<u>The Public Good</u>	<u>Waste to Wealth</u>	<u>Communications</u>	<u>Total Supporting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
<u>Expenses:</u>												
Salaries	\$ 2,651,516	\$ 2,376,909	\$ 699,848	\$ 329,639	\$ 602,703	\$ 450,868	\$ 34,179	\$ -	\$ 259,672	\$ 274,607	\$ 154,908	\$ 119,699
Payroll Taxes	218,599	187,067	54,224	25,901	47,469	36,461	2,700	-	20,313	31,532	22,269	9,262
Benefits	627,321	561,892	167,826	79,924	146,690	95,872	8,363	-	62,217	65,429	36,783	28,646
<b>Total Salaries, Payroll Taxes and Benefits</b>	<b>\$ 3,497,436</b>	<b>\$ 3,125,869</b>	<b>\$ 921,898</b>	<b>\$ 435,464</b>	<b>\$ 796,862</b>	<b>\$ 583,201</b>	<b>\$ 45,242</b>	<b>\$ -</b>	<b>\$ 343,202</b>	<b>\$ 371,567</b>	<b>\$ 213,960</b>	<b>\$ 157,607</b>
Consultants	\$ 832,477	\$ 824,661	\$ 399,914	\$ 247,172	\$ 50,833	\$ 32,511	\$ 72	\$ 26,413	\$ 67,746	\$ 7,816	\$ 7,086	\$ 730
Subgrant Expense	1,653,720	1,653,720	-	335,018	133,490	237,500	-	-	947,712	-	-	-
Professional Fees	83,081	3,114	2,256	-	-	858	-	-	-	79,967	79,967	-
Website and Design	49,590	48,341	34,178	1,341	8,291	1,155	72	-	3,304	1,249	992	257
Telephone and Internet	15,573	14,252	4,658	1,776	3,510	2,488	184	-	1,636	1,321	687	634
Office Expenses	100,024	80,310	40,932	5,183	5,948	18,637	258	-	9,352	19,714	8,373	11,341
Postage and Shipping	3,607	1,921	1,725	6	21	41	-	-	128	1,686	136	1,550
Travel and Meals	151,776	147,531	73,987	4,100	11,763	19,337	18	-	38,326	4,245	2,009	2,236
Conferences and Meeting Expense	121,571	99,999	79,388	4,506	1,527	6,341	14	-	8,223	21,572	1,766	19,806
Printing and Copying	2,130	159	-	57	-	-	-	-	102	1,971	4	1,967
Publications and Dues	23,206	13,071	3,690	683	3,542	2,448	49	-	2,659	10,135	9,961	174
Equipment Rental and Maintenance	7,914	7,914	7,815	99	-	-	-	-	-	-	-	-
Occupancy	47,211	40,695	11,576	5,605	10,713	7,949	591	-	4,261	6,516	4,506	2,010
Insurance	10,864	5,218	1,605	666	1,367	831	94	-	655	5,646	5,219	427
Taxes and Other Filing Fees	24,132	437	-	-	-	437	-	-	-	23,695	22,406	1,289
Depreciation and Amortization	21,095	19,682	16,359	621	1,340	674	75	-	613	1,413	1,149	264
<b>Total Expenses</b>	<b>\$ 6,645,407</b>	<b>\$ 6,086,894</b>	<b>\$ 1,599,981</b>	<b>\$ 1,042,297</b>	<b>\$ 1,029,207</b>	<b>\$ 914,408</b>	<b>\$ 46,669</b>	<b>\$ 26,413</b>	<b>\$ 1,427,919</b>	<b>\$ 558,513</b>	<b>\$ 358,221</b>	<b>\$ 200,292</b>

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<u>Cash Flows (for) Operating Activities</u>		
Change in Net Assets	\$ 2,062,424	\$ 1,535,659
Adjustments to Reconcile Change in Net Assets to Net Cash (for) Operating Activities:		
Depreciation Expense	41,946	21,096
Unrealized (Gain)/Loss on Investments	(10,344)	2,128
Amortization of Right-of-Use Assets, Operating Leases	29,279	14,388
Reduction of Lease Obligation, Operating Leases	(29,279)	(14,388)
(Increase)/Decrease in Assets:		
Accounts Receivable	472,035	(7,480)
Promises to Give	(1,248,104)	(1,469,391)
Prepaid Expenses	46,796	(30,383)
Increase/(Decrease) in Liabilities:		
Accounts Payable	(699,382)	663,312
Refundable Advance	(9,417)	(74,099)
Accrued Salaries, Vacation and Benefits	<u>(6,261)</u>	<u>35,241</u>
Net Cash Flows (for) Operating Activities	<u>\$ 649,693</u>	<u>\$ 668,627</u>
<u>Cash Flows (for) Investing Activities</u>		
Purchase of Property and Equipment	\$ 1,741	\$ (79,662)
Purchase of Investments	(5,034,769)	(3,323,115)
Purchase of Certificates of Deposit	(95,519)	(1,066,490)
Sale of Investments	<u>4,983,545</u>	<u>2,471,423</u>
Net Cash Flows (for) Investing Activities	<u>\$ (145,002)</u>	<u>\$ (1,997,844)</u>
Net Increase/(Decrease) in Cash	\$ 504,691	\$ (1,329,217)
Cash and Cash Equivalents at Beginning of Year	<u>863,625</u>	<u>2,192,842</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,368,316</u>	<u>\$ 863,625</u>

Supplemental Disclosures:

- a) Interest in the amount of \$1,321 and \$912 was paid during the years ended June 30, 2025 and 2024, respectively.
- b) No income taxes were paid during the years ended June 30, 2025 or 2024.

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(1) ORGANIZATION:

The Institute for Local Self-Reliance, Inc., was incorporated on May 1, 1974, pursuant to the provisions of the District of Columbia Nonprofit Corporation Act. The mission of the Institute for Local Self-Reliance, Inc. (ILSR), is to provide the conceptual framework, strategies, and information to aid the creation of ecologically-sound and equitable communities. To that end, ILSR works with citizens, activists, policymakers, and entrepreneurs to design systems, policies, and industries that meet local or regional needs; to maximize local human, material, natural, and financial resources; and to ensure that the benefits of these systems and resources accrue to all local citizens.

ILSR is a national research and technical assistance organization providing the foundation upon which communities can take charge of their local economies and build a more equitable and environmentally sound future.

**Basic Programs**

For the year ended June 30, 2025, the Organization had four main programs. These programs are described below.

Community Broadband Networks

The Community Broadband Network Initiative promotes locally rooted, democratically accountable broadband networks that provide fast, affordable and reliable Internet access to all Americans.

Independent Business

The Independent Business Initiative champions locally owned businesses, leads efforts to fight the unchecked power of corporate giants like Walmart and Amazon, and seeks to reverse the government policies that work against these small, independent businesses.

Composting for Community

The Composting for Community Initiative advances local composting to cut food loss, enhance soils, protect the climate, and create jobs through advocacy, training, research, education, and coalition building.

Energy Democracy

The Energy Democracy Initiative empowers households and communities to produce their own local, clean, and renewable energy and oppose the excessive power of monopoly utilities.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the Institute for Local Self-Reliance are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses and cash flows in accordance with accounting principles generally accepted in the United States of America.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition:

**Contributions**

The Organization has implemented the accounting and reporting standards surrounding contributions. These standards affect financial statement reporting and disclosures included within the body of the financial statements. The standards promulgate clarity for distinguishing between exchange transactions and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed 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 Statements of Activities as net assets released from restrictions.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional. Barriers include and are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and
- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as refundable advances and subsequently recognized as contribution revenue when the underlying conditions are fulfilled.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history, economic conditions, and type of contribution.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

**Exchange Transactions**

The Organization has adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue for Contracts with Customers," and a series of amendments which together hereinafter are referred to as "ASC Topic 606." This standard outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers (donors). Central to the revenue recognition framework is a five-step revenue recognition model that requires reporting entities to:

1. Identify the contract;
2. Identify the performance obligations of the contract;
3. Determine the transaction price of the contract;
4. Allocate the transaction price to the performance obligations, and;
5. Recognize revenue.

**Program Fees and Registrations**

These fees consist of exchange transactions such as consulting and conference registration fees. These revenues are recognized at the time the services are provided or the conference is held.

(c) Income Taxes:

The Organization is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Accordingly, no income taxes have been provided for in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

The Organization is also exempt from District of Columbia sales, real estate, and personal property taxes.

(d) Net Assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

**Net Assets without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations and over which the Board of Directors has discretionary control. The only limits on the use of these net assets are the broad limits resulting from the Organization's purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Designation of Net Assets - From time to time, the Board of Directors designates a portion of the Organization's unrestricted net assets for purposes that are of importance to the Organization. Board designated net assets at year-end were as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Board Reserve Fund	<u>\$ 400,000</u>	<u>\$ 400,000</u>

The Board reserve fund is intended for future use in a situation of significant financial need by the Organization.

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

**Net Assets with Donor Restrictions** (Continued)

Net assets with donor restrictions were available at year end for the following programs:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Composting for Community	\$ 193,333	\$ 209,334
Energy Democracy	175,000	325,000
Independent Business	334,886	1,103,788
Community Broadband Networks	2,245,228	1,966,917
Time Restricted	1,896,179	721,525
Sponsorships	<u>10,000</u>	<u>32,000</u>
 Total Net Assets Available	 <u>\$ 4,854,626</u>	 <u>\$ 4,358,564</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by the occurrence of other events specified by the donors for the following programs:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Composting for Community	\$ 242,000	\$ 638,179
Energy Democracy	343,000	818,000
Independent Business	1,213,902	1,293,946
Community Broadband Networks	1,949,381	1,136,738
Sponsorships	110,889	282,650
Time Restricted	<u>483,333</u>	<u>370,667</u>
 Total Net Assets Released from Restrictions	 <u>\$ 4,342,505</u>	 <u>\$ 4,540,180</u>

(e) Contributed Nonfinancial Assets:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

There were no donated services or materials recorded in the financial statements for the years ended June 30, 2025 and 2024.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Functional Expense Allocation Policies and Procedures:

The Statement of Functional Expenses presents an allocation of each expense category between program services, administrative, and fundraising activities. Program service costs consist of those expenses incurred to fulfill the Organization's mission. Administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and seeking unsolicited financial support and grants.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation methodologies based on financial results and industry standards.

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for salaries, payroll taxes and employee benefit plans are allocated based on activity reports of time spent on particular activities.
- Cost for facilities, office supplies, telephone, insurance, dues and subscriptions, and other expenses are allocated between administrative and program functions on a percentage basis that is equivalent to the hours worked by each employee.
- Costs of consultants, professional fees, travel and meeting expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

(g) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Fair Value of Certain Financial Instruments:

Some of the Organization's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such assets include cash and cash equivalents, accounts receivable, promises to give, prepaid expenses, accounts payable, and accrued expenses.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(i) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at cost. The certificates of deposit do not qualify as securities as defined in Financial Accounting Standard Board (“FASB”) Accounting Standards Codification (“ASC”) 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

(j) Right-of-Use (“ROU”) Assets (Operating and Finance Leases):

A right-of-use asset is measured at the commencement date of a lease at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. As an accounting policy, the Institute has elected to apply the short-term lease exception, therefore, this is completed for leases greater than twelve (12) months in duration. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received.) Operating lease payments are recognized on a straight-line basis over the lease term. Finance Lease ROU assets are amortized on a straight-line basis of the shorter of the lease term or the remaining useful life of the asset.

(k) Lease Liability:

The Institute accounts for leases in accordance with FASB ASC Topic 842. In applying the provisions FASB ASC Topic 842, the Institute determines if an arrangement contains a lease at inception based on whether the Institute has the right to control the asset during the contract period and other facts and circumstances. In addition, the Institute assesses the allocation of consideration within a contract containing a lease for appropriate accounting treatment.

The Institute is a lessee in an operating lease for office space. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(k) Lease Liability: (Continued)

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee.

The discount rate used for determining and adjusting the lease liability is the rate implicit in the lease if it is readily determinable. If the implicit rate is not determinable, nonpublic entities have the option to apply their respective incremental borrowing rate or elect to apply the ASC 842 “Risk-free rate expedient.” The risk-free rate would be based on the borrowing rate for the US Federal Government or a similar entity, for a period comparable to the lease term. The nonpublic entity can make the election by class of underlying asset. Once the entity makes this accounting election, it must use the risk-free rate for elected class(es) of underlying asset(s), which may not be negative, for all of its leases going forward. The Institute has made an accounting policy election to utilize their incremental borrowing rate for all classes of underlying assets when determining the present value of future lease payments.

The Institute implemented new controls and key system functionality to enable the preparation of financial information in accordance with the provisions of FASB ASC Topic 842 and elected to apply the following practical expedients:

- In calculating the Right-of-Use assets and lease liabilities, the Institute has elected to combine lease and non-lease components (except for building leases),
- As an accounting policy, the Institute has elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes rent expense on a straight-line basis over the lease term, and
- The Institute has chosen not to elect the “Hindsight Expedient.”

(l) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from prior years.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(3) CHANGE IN ACCOUNTING PRINCIPLES:

On July 1, 2023, the Institute adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and all related subsequent amendments thereto. This Accounting Standard Update replaced the incurred loss method of measuring financial assets (the impairment loss model) with an expected loss method, which is referred to as the current expected credit loss (CECL) method. The current expected credit loss method requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Institute, the ASU applies to the measurement of its trade receivables. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables. The Institute adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Institute's financial statements but did change how the allowance for credit losses is determined.

(4) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

The Organization has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,368,316	\$ 863,625
Certificates of Deposit	2,172,098	2,076,579
Investments	2,520,662	2,459,094
Accounts Receivable	46,760	518,795
Promises to Give	<u>3,483,326</u>	<u>2,235,222</u>
Total Financial Assets	<u>\$ 9,591,162</u>	<u>\$ 8,153,315</u>
Less Amounts Not Available for General Expenditure Within One Year Due to:		
Long-Term Promises to Give	\$ 1,866,490	\$ 471,525
Board Designated Funds	<u>400,000</u>	<u>400,000</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 7,324,672</u>	<u>\$ 7,281,790</u>

As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(5) ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Organization's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Institute for Local Self-Reliance performed an evaluation of uncertain tax positions for the year ended June 30, 2025, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2025, the statute of limitations for tax years 2021 through 2023 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2025, the Organization had no accruals for interest and/or penalties.

(6) CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:

The carrying amount of cash and cash equivalents at year end consisted of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Checking Account - Interest Bearing	\$ 338,939	\$ 259,326
Savings Accounts	925,260	473,449
Money Market Accounts	104,117	89,080
Cash on Hand	<u>-</u>	<u>41,770</u>
Total	<u>\$ 1,368,316</u>	<u>\$ 863,625</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less.

Certificates of deposit are valued at cost. As of June 30, 2025 and 2024, \$2,172,098 and \$2,076,579 was held in certificates of deposit, respectively.

At times during the years ended June 30, 2025 and 2024, the Organization maintained cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk or on cash and cash equivalents.

(7) INVESTMENTS:

The Institute for Local Self-Reliance invested in debt securities during the year, which are subject to market fluctuations. Investments in debt securities have been measured at fair value and are recorded as such in the Statement of Financial Position. The fair values for marketable debt securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. The Institute for Local Self-Reliance has the intent and ability to hold its investment securities until maturity. Investments were not impaired during or subsequent to the period ended June 30, 2025.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(7) INVESTMENTS: (Continued)

A comparison of the carrying value of those financial instruments at year end was as follows:

June 30, 2025

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>Investments:</u>				
<u>Debt Securities</u>				
Government Bonds	\$ 1,400,765	\$ 8,040	\$ -	\$ 1,408,805
Corporate Bonds	<u>1,101,205</u>	<u>10,652</u>	<u>-</u>	<u>1,111,857</u>
Total - Investments	<u>\$ 2,501,970</u>	<u>\$ 18,692</u>	<u>\$ -</u>	<u>\$ 2,520,662</u>

June 30, 2024

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>Investments:</u>				
<u>Debt Securities</u>				
Government Bonds	\$ 125,286	\$ -	\$ (73)	\$ 125,213
Corporate Bonds	<u>2,325,460</u>	<u>8,421</u>	<u>-</u>	<u>2,333,881</u>
Total - Investments	<u>\$ 2,450,746</u>	<u>\$ 8,421</u>	<u>\$ (73)</u>	<u>\$ 2,459,094</u>

Unrealized gains and losses on investments are based on the difference between cost and fair value. Net unrealized gains/(losses) at June 30, 2025 and 2024 were \$18,692 and \$8,348, respectively.

The composition of investment return and its classification in the Statement of Activities for the years ended June 30, 2025 and 2024 is as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Interest and Dividends	\$ 227,320	\$ 220,471
Interest - ERTC	91,216	-
Realized and Unrealized Gain/(Loss) on Investments	25,851	(992)
Investment Fees	<u>(8,712)</u>	<u>(6,529)</u>
Total	<u>\$ 335,675</u>	<u>\$ 212,950</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could affect the amounts reported in the Statement of Financial Position. The Institute attempts to limit its credit risk associated with investments by investing in U.S. and local Government Securities and Corporate Bonds.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(8) FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board ASC No. 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC No. 820-10 are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (such as interest rate and yield curves);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable (Supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organization's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

*Government Bonds and Corporate Bonds:* Valued at the price of bonds and notes held by the organization at year end.

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

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(8) FAIR VALUE MEASUREMENTS: (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025 and 2024.

June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Bonds	\$ 1,408,805	\$ -	\$ -	\$ 1,408,805
Corporate Bonds	<u>1,111,857</u>	<u>-</u>	<u>-</u>	<u>1,111,857</u>
Total	<u>\$ 2,520,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,520,662</u>

June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Bonds	\$ 125,213	\$ -	\$ -	\$ 125,213
Corporate Bonds	<u>2,333,881</u>	<u>-</u>	<u>-</u>	<u>2,333,881</u>
Total	<u>\$ 2,459,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,459,094</u>

(9) ACCOUNTS AND CONTRACTS RECEIVABLE AND PROMISES TO GIVE:

**Accounts and Contracts Receivable**

Accounts receivable as presented are considered fully collectible by management. Balances at June 30, 2025 and 2024 were \$46,760 and \$518,795, respectively, which consisted of reimbursable expenses, contract revenues receivable, and the employee retention credit.

Accounts receivable are reported at the net amount expected to be collected, which is the amount the Institute has an unconditional right to receive less management's estimate of amounts that may not be collectible (the allowance for credit losses). The Institute uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has remained consistent with prior years.

In determining the allowance for credit losses, the Institute separates its accounts receivable into risk pools based on their aging and type. In determining the amount of the allowance, the Institute develops a loss rate for each risk pool. Expected credit losses are estimated using three-year historical loss information due to the make-up of the receivables during the historical period being similar to the receivables outstanding at year end. The Institute adjusts its calculated historical loss rates when needed relative to current economic conditions.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(9) ACCOUNTS AND CONTRACTS RECEIVABLE AND PROMISES TO GIVE: (Continued)

**Accounts and Contracts Receivable** (Continued)

Receivables are evaluated for potential credit loss based on three aging categories: current, performing, and nonperforming. Current receivables are those for which the participants and funding sources remain current with all contractual terms. Performing receivables are those in which the participants and funding sources are not current with all contractual terms but have made payments within the last 60 days. Nonperforming receivables are those in which the participant and funding sources have defaulted on the contractual terms and no payments have been received for more than 60 days.

Trade receivables related to program service fees (i.e., consulting fees, participant fees etc.) are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable, typically when no payments have been received for one year. Based on the analysis of each of the risk pools, there were no credit losses requiring recognition during the year ended June 30, 2025.

Because the Institute does not require collateral to secure accounts receivable, it is at credit risk for the amounts owed to it throughout the year and at year end.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give. Balances at June 30, 2025 and 2024 consisted of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Purpose Restricted	\$ 753,813	\$ 1,513,697
Time Restricted	<u>2,729,513</u>	<u>721,525</u>
Total Promises to Give	<u>\$ 3,483,326</u>	<u>\$ 2,235,222</u>

The above promises to give are due to be received as follows:

	<u>As of June 30, 2025</u>	<u>As of June 30, 2024</u>
Less Than One Year	\$ 1,616,836	\$ 1,763,697
One to Five Years	<u>1,866,490</u>	<u>471,525</u>
Total	<u>\$ 3,483,326</u>	<u>\$ 2,235,222</u>

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(9) ACCOUNTS AND CONTRACTS RECEIVABLE AND PROMISES TO GIVE: (Continued)

**Promises to Give** (Continued)

Promises to give have been discounted to the net present value of future cash flows using a discount rate of 3.5% and 4.0% percent, respectively for the years ended June 30, 2025 and 2024 as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Gross Promises to Give	\$ 3,616,836	\$ 2,263,697
Less: Discount	<u>(133,510)</u>	<u>(28,475)</u>
Net Present Value of Promises to Give	<u>\$ 3,483,326</u>	<u>\$ 2,235,222</u>

Concentrations of credit risk with respect to promises to give are limited due to the large number of contributions comprising the Institute's contributor base and their dispersion across different donor backgrounds. As of June 30, 2025, sixty-four percent (64%) of the Organization's promises to give (\$2,231,796) was due from one donor. The Institute does not believe it is at any significant credit risk related to these promises made based on historical collection and the organizational relationship with this donor.

(10) FIXED ASSETS:

Furniture and office equipment are recorded at cost. Contributed assets are recorded at fair value. If an expenditure in excess of \$3,000 results in an asset having an estimated useful life, which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful life of the asset. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2025 and 2024 was \$41,946 and \$21,095, respectively. Maintenance and repairs are charged to expenses as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in operating results for the period. Classification of fixed assets and their estimated useful lives are as summarized below:

June 30, 2025:

		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office Furniture and Equipment	3-7 years	\$ 31,354	\$ 31,287	\$ 67
Leasehold Improvements	Lease Term	4,295	4,295	-
Website	3 years	<u>125,837</u>	<u>59,550</u>	<u>66,287</u>
Total		<u>\$ 161,486</u>	<u>\$ 95,132</u>	<u>\$ 66,354</u>

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(10) FIXED ASSETS: (Continued)

June 30, 2024:

		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Office Furniture and Equipment	3-7 years	\$ 31,354	\$ 29,545	\$ 1,809
Leasehold Improvements	Lease Term	4,295	4,295	-
Website	3 years	<u>125,837</u>	<u>17,605</u>	<u>108,232</u>
Total		<u>\$ 161,486</u>	<u>\$ 51,445</u>	<u>\$ 110,041</u>

(11) RETIREMENT PLAN:

The Organization has a defined contribution retirement plan for its employees. After two years of employment, the Organization provides matching contributions to the plan of five percent (5%) of gross salaries. The matching contribution increases to seven percent (7%) after three years of employment. Pension expense was \$119,891 and \$114,854 for the years ended June 30, 2025 and 2024, respectively.

(12) OPERATING LEASES:

The Organization leased office space in three locations: Washington, DC, Minnesota, and Maine.

**Washington, DC Lease**

The Organization rents space as a virtual office in Washington, DC, on a month-to-month basis at a cost of \$75 per month.

**Minnesota Lease**

The Organization leases office space located at 2720 East 22<sup>nd</sup> Street, Minneapolis, MN. This lease began on January 1, 2024, and extends through December 31, 2025. The monthly payment is \$2,550. This agreement was recorded in accordance with ASC Topic 842 and resulted in the recognition of \$58,779 of an operating lease Right-of-Use (ROU) asset and an operating lease liability in the same amount during the year ended June 30, 2024. Prior to January 1, 2024, this was a month-to-month lease.

**Maine Lease**

The Organization leases office space located at 44 Exchange Street, Portland, ME. The monthly rent is \$938 on this lease. This lease began on March 1, 2023, and extended through February 28, 2024. This lease is now on a month-to-month basis.

Total rental expenses for the years ended June 30, 2025 and 2024 were \$42,186 and \$46,650, respectively. These amounts are included on the occupancy expense line in the Schedule of Functional Expenses.

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(12) OPERATING LEASES: (Continued)

The following summarizes the line items in the Statement of Financial Position that include amounts for operating leases as of June 30, 2025 and 2024.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Operating Lease Right-of-Use Assets	\$ 15,112	\$ 44,391
Operating Lease Liability, Current	\$ 15,112	\$ 29,279
Operating Lease Liability, Non-Current	-	15,112
Total Operating Lease Liability	<u>\$ 15,112</u>	<u>\$ 44,391</u>

***Quantitative Lease Disclosures Summary***

The following summarizes certain presented and additional quantitative lease disclosures required under ASC Topic 842:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<u>Lease Cost</u>		
Operating Lease Cost	\$ 30,600	\$ 15,300
Short-term Lease Cost	11,586	31,350
Variable Lease Cost	-	-
Total Lease Cost	<u>\$ 42,186</u>	<u>\$ 46,650</u>

Other Information

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flow from Operating Leases	<u>\$ 29,279</u>	<u>\$ 14,388</u>
Weighted-Average Remaining Lease Term-Operating	0.5 years	1.5 years
Weighted-Average Discount Rate-Operating Leases	4.25%	4.25%
Maturity Analysis for Operating Lease Liabilities:		
Undiscounted Cash Flows:		
2026	<u>\$ 15,300</u>	
Total Payments	\$ 15,300	
Less: Interest	<u>(188)</u>	
Present Value of Operating Lease Liability	<u>\$ 15,112</u>	

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO FINANCIAL STATEMENTS

(13) FUNDRAISING:

Expenses in the amount of \$215,074 and \$200,292 were incurred for the purposes of fundraising during the years ended June 30, 2025 and 2024, respectively.

(14) CONCENTRATIONS:

Based on the nature and purpose of the Organization, significant revenues are received through parties interested in supporting the mission of the Organization. In addition, approximately ninety-three percent (93%) and ninety-one percent (91%) of revenues were derived from grants and contributions for each of the years ended June 30, 2025 and 2024, respectively.

(17) SUBSEQUENT EVENTS:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through February 18, 2026, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

INSTITUTE FOR LOCAL SELF-RELIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Period of Award</u>	<u>Pass-Through Subrecipient</u>	<u>Grant Receivable at 7/1/24</u>	<u>Current Year Activity</u>		<u>Grant Receivable at 6/30/25</u>
							<u>Receipts</u>	<u>Expenditures</u>	
<u>U.S. Department of Commerce:</u>									
Direct Award:									
Economic Development Technical Assistance	11.303	ED23RNA0G0147	\$ 824,956	10/01/23 - 09/30/26	\$ -	\$ 67,387	\$ 274,382	\$ 273,549	\$ 66,554
Total U.S. Department of Commerce					\$ -	\$ 67,387	\$ 274,382	\$ 273,549	\$ 66,554
<u>U.S. Environmental Protection Agency:</u>									
Direct Award:									
Reduce, Reuse, Recycling Education and Outreach Grants	66.921	84077201	\$ 1,428,214	06/01/24 - 05/31/27	\$ 20,000	\$ -	\$ 354,321	\$ 360,006	\$ 5,685
Total U.S. Environmental Protection Agency					\$ 20,000	\$ -	\$ 354,321	\$ 360,006	\$ 5,685
<u>U.S. Department of Agriculture:</u>									
Indirect Awards:									
Passed Through Rural Utilities Service:									
Rural eConnectivity Pilot Program	10.752	GRANT14236734	\$ 966,000	05/02/25 - 05/02/27	\$ -	\$ -	\$ -	\$ 139,597	\$ 139,597
Solid Waste Management Grants	10.762	GRANT #01	\$ 81,000	10/01/23 - 09/30/24	\$ -	\$ 24,679	\$ 58,085	\$ 33,406	\$ -
Total U.S. Department of Agriculture					\$ -	\$ 24,679	\$ 58,085	\$ 173,003	\$ 139,597
TOTAL FEDERAL AWARDS					\$ 20,000	\$ 92,066	\$ 686,788	\$ 806,558	\$ 211,836

Summary by ALN

<u>Program</u>	<u>ALN</u>	<u>Amount</u>
Economic Development Technical Assistance	11.303	\$ 273,549
Reduce, Reuse, Recycling Education and Outreach Grants	66.921	360,006
Rural eConnectivity Pilot Program	10.752	139,597
Solid Waste Management Grants	10.762	33,406
TOTAL FEDERAL AWARDS		\$ 806,558

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 - Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Institute for Local Self-Reliance (the Institute) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute.

Note 2 - Summary of Significant Accounting Policies:

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

The Institute for Local Self-Reliance has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Major Program Selection:

The major Federal Award Programs selected for testing are as follows:

U.S. ENVIRONMENTAL PROTECTION AGENCY  
- Reduce, Reuse, Recycling Education and Outreach Grants

The requirements of the Office of Management and Budget Uniform Guidance prescribe that all major programs as determined by the auditor on a risk-based approach and/or at least 40% (20% for low-risk auditees) of all federal awards be subject to specific control and/or compliance testing. For the Institute for Local Self-Reliance, the programs subject to these requirements are as listed above. The total expenditures of this program represent 44.63% of the total federal expenditures.

<u>Programs</u>	<u>ALN</u>	<u>Amount of Expenditures</u>
Economic Development Technical Assistance	11.303	\$ 273,549
Reduce, Reuse, Recycling Education and Outreach Grants	66.921	360,006*
Rural eConnectivity Pilot Program	10.752	139,597
Solid Waste Management Grants	10.762	<u>33,406</u>
Total Federal Awards		<u>\$ 806,558</u>

\*Denotes Major Program

INSTITUTE FOR LOCAL SELF-RELIANCE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

Note 4 - Major Program Disclosure:

**I. Environmental Protection Agency**

1) Reduce, Reuse, Recycling Education and Outreach Grants

The objective of the grant program is to improve the effectiveness of residential composting and recycling programs through public education and outreach. The funding opportunity under the Recycling Education and Outreach grant program aims to fund projects that will meet the following objectives and reduce GHGs: (1) Decrease wasted food from households; (2) Expand markets for and sales of compost; and (3) Inform the public about new or existing residential food waste composting programs; provide information about the materials that are accepted as part of a residential food waste composting program; and increase collection rates and decrease physical contamination in residential food waste composting programs.

**Kendall, Prebola and Jones, LLC**  
Certified Public Accountants

Board of Directors  
Institute for Local Self-Reliance  
2720 E. 22<sup>nd</sup> Street  
Minneapolis, MN 55406

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Institute for Local Self-Reliance (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 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, and have issued our report thereon dated February 18, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

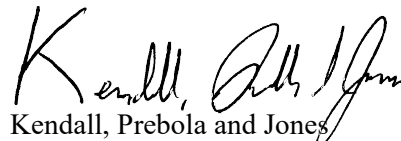
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
February 18, 2026

**Kendall, Prebola and Jones, LLC**  
**Certified Public Accountants**

Board of Directors  
Institute for Local Self-Reliance  
2720 E. 22<sup>nd</sup> Street  
Minneapolis, MN 55406

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Institute for Local Self-Reliance's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Institute for Local Self-Reliance's major federal programs for the year ended June 30, 2025. The Institute for Local Self-Reliance's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Institute for Local Self-Reliance and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute for Local Self-Reliance's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute for Local Self-Reliance's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute for Local Self-Reliance's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute for Local Self-Reliance's internal control over compliance. Accordingly, no such opinion is expressed.

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

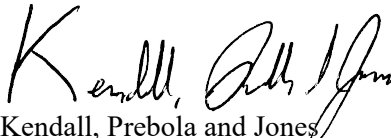
### **Report on Internal Control Over Compliance**

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

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

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

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



Kendall, Prebola and Jones  
Certified Public Accountants

Bedford, Pennsylvania  
February 18, 2026

INSTITUTE FOR LOCAL SELF-RELIANCE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025

There were no findings reported in the prior year.

INSTITUTE FOR LOCAL SELF-RELIANCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

I. Summary of Auditor's Results

***Financial Statements***

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?     Yes   x   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?     Yes   x   No

Noncompliance material to the financial statements noted?     Yes   x   No

***Federal Awards***

Type of auditor's report issued on compliance for the major federal award programs:  
Reduce, Reuse, Recycling Education and Outreach Grants Unmodified

Internal control over the major federal award programs:

- Material weakness(es) identified?     Yes   x   No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?     Yes   x   No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     Yes   x   No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
66.921	Reduce, Reuse, Recycling Education and Outreach Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$       750,000

Auditee qualified as a low-risk auditee?     Yes   x   No

II. Findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards

There were no findings in the current year.

III. Findings relating to federal awards which are required to be reported in accordance with the Uniform Guidance

There were no findings in the current year.