

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

DRESS FOR SUCCESS WORLDWIDE

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2024, with Summarized Financial Information for 2023	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2024, with Summarized Financial Information for 2023	7
NOTES TO FINANCIAL STATEMENTS	8 - 17



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dress for Success Worldwide
New York, New York

Opinion

We have audited the accompanying financial statements of Dress for Success Worldwide (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statement of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Organization'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; therefore, it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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, 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is fluid and cursive, with the company name "Gelman Rosenberg & Freedman" written together in a single, continuous line.

August 1, 2025

DRESS FOR SUCCESS WORLDWIDE
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	ASSETS	
	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 579,087	\$ 1,278,432
Investments	7,216,233	6,635,585
Contributed nonfinancial asset receivable	331,404	315,132
Grants and contributions receivable	48,000	-
Prepaid expenses and other current assets	<u>71,420</u>	<u>39,076</u>
Total current assets	<u>8,246,144</u>	<u>8,268,225</u>
FIXED ASSETS		
Office and computer equipment	298,605	298,605
Leasehold improvements	157,575	157,575
Website	95,000	95,000
Furniture and fixtures	<u>58,604</u>	<u>58,604</u>
Less: Accumulated depreciation and amortization	<u>609,784</u>	<u>609,784</u>
	<u>(603,768)</u>	<u>(595,651)</u>
Net fixed assets	<u>6,016</u>	<u>14,133</u>
NONCURRENT ASSETS		
Certificates of deposit	786,548	1,021,503
Security deposits	82,667	162,023
Contributed nonfinancial asset receivable, net	853,549	1,184,953
Operating right-of-use assets, net	<u>1,993,599</u>	<u>2,486,454</u>
Total noncurrent assets	<u>3,716,363</u>	<u>4,854,933</u>
TOTAL ASSETS	<u>\$ 11,968,523</u>	<u>\$ 13,137,291</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 432,011	\$ 394,044
Refundable advance	275,000	410,000
Accrued salaries and related benefits	98,463	64,460
Short-term lease liability	-	4,255
Operating lease liabilities	<u>572,186</u>	<u>471,039</u>
Total current liabilities	<u>1,377,660</u>	<u>1,343,798</u>
NONCURRENT LIABILITIES		
Operating lease liabilities, net	<u>1,477,257</u>	<u>2,049,443</u>
Total liabilities	<u>2,854,917</u>	<u>3,393,241</u>
NET ASSETS		
Without donor restrictions	6,820,783	7,343,966
With donor restrictions	<u>2,292,823</u>	<u>2,400,084</u>
Total net assets	<u>9,113,606</u>	<u>9,744,050</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,968,523</u>	<u>\$ 13,137,291</u>

See accompanying notes to financial statements.

DRESS FOR SUCCESS WORLDWIDE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024			2023	
	Without Donor Restrictions	With Donor Restrictions	Total		Total
SUPPORT AND REVENUE					
Corporate, foundation and government grants	\$ 4,421,745	\$ 1,773,000	\$ 6,194,745	\$ 6,609,530	
Contributed nonfinancial assets - Product	7,120,143	-	7,120,143	8,850,554	
Contributed nonfinancial assets - Services	1,049,681	-	1,049,681	839,463	
Contributions	627,547	-	627,547	741,260	
Events revenue	350,973	-	350,973	664,874	
Investment return, net	624,147	-	624,147	699,017	
Net assets released from donor restrictions	<u>1,880,261</u>	<u>(1,880,261)</u>	<u>-</u>	<u>-</u>	
Total support and revenue	<u>16,074,497</u>	<u>(107,261)</u>	<u>15,967,236</u>	<u>18,404,698</u>	
EXPENSES					
Program Services:					
Local Workforce Development	1,483,355	-	1,483,355	1,405,084	
Affiliate Impact Program	<u>11,357,437</u>	<u>-</u>	<u>11,357,437</u>	<u>11,492,007</u>	
Total program services	<u>12,840,792</u>	<u>-</u>	<u>12,840,792</u>	<u>12,897,091</u>	
Supporting Services:					
Management and General	2,328,972	-	2,328,972	2,363,206	
Fundraising	<u>1,427,916</u>	<u>-</u>	<u>1,427,916</u>	<u>1,390,727</u>	
Total supporting services	<u>3,756,888</u>	<u>-</u>	<u>3,756,888</u>	<u>3,753,933</u>	
Total expenses	<u>16,597,680</u>	<u>-</u>	<u>16,597,680</u>	<u>16,651,024</u>	
Change in net assets	(523,183)	(107,261)	(630,444)	1,753,674	
Net assets at beginning of year	<u>7,343,966</u>	<u>2,400,084</u>	<u>9,744,050</u>	<u>7,990,376</u>	
NET ASSETS AT END OF YEAR	\$ 6,820,783	\$ 2,292,823	\$ 9,113,606	\$ 9,744,050	

DRESS FOR SUCCESS WORLDWIDE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	2024						2023	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Local Workforce Development	Affiliate Impact Program	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries and related benefits	\$ 742,728	\$ 1,375,227	\$ 2,117,955	\$ 1,136,550	\$ 766,981	\$ 1,903,531	\$ 4,021,486	\$ 3,881,214
Support to Member organizations	-	1,730,974	1,730,974	-	-	-	1,730,974	2,041,327
Contributed nonfinancial assets - product	-	7,120,143	7,120,143	-	-	-	7,120,143	7,250,716
Contributed nonfinancial assets - services	195,771	165,543	361,314	590,482	97,885	688,367	1,049,681	839,464
Occupancy and related costs	353,515	272,740	626,255	233,054	148,989	382,043	1,008,298	930,266
Web and computer	100,327	150,893	251,220	33,815	121,179	154,994	406,214	413,415
Professional fees and consultants	32,176	222,637	254,813	190,939	76,383	267,322	522,135	479,776
Depreciation and amortization	-	-	-	8,117	-	8,117	8,117	9,785
Program supplies	8,730	226,430	235,160	-	-	-	235,160	32,459
Insurance	14,204	14,710	28,914	9,048	10,602	19,650	48,564	40,118
Shipping and postage	668	39	707	209	20	229	936	4,092
Miscellaneous	2,735	225	2,960	9,040	2,005	11,045	14,005	27,437
Office, administrative services and supplies	13,367	19,694	33,061	91,680	67,042	158,722	191,783	98,653
Member conferences	-	2,953	2,953	-	-	-	2,953	340,996
Fundraising	603	66	669	22	124,671	124,693	125,362	142,855
Printing	4,908	1,565	6,473	371	8,116	8,487	14,960	20,026
Travel and meetings	13,551	53,484	67,035	10,693	3,697	14,390	81,425	95,772
Dues and subscriptions	-	114	114	14,952	346	15,298	15,412	1,314
Telephone	72	-	72	-	-	-	72	817
Public relations	-	-	-	-	-	-	-	442
Interns	-	-	-	-	-	-	-	80
TOTAL	\$ 1,483,355	\$ 11,357,437	\$ 12,840,792	\$ 2,328,972	\$ 1,427,916	\$ 3,756,888	\$ 16,597,680	\$ 16,651,024

See accompanying notes to financial statements.

DRESS FOR SUCCESS WORLDWIDE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (630,444)	\$ 1,753,674
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	8,117	9,785
Amortization of right-of-use assets	492,855	384,696
Realized and unrealized gain on investments	(465,927)	(571,754)
Receipt of contributed securities	-	(30,273)
Proceeds from the sale of contributed securities	-	35,604
Decrease (increase) in:		
Contributed nonfinancial asset receivable	315,132	(1,500,085)
Grants and contributions receivable	(48,000)	-
Prepaid expenses and other current assets	(32,344)	67,412
Security deposits	79,356	(56,000)
Increase (decrease) in:		
Accounts payable and accrued expenses	37,967	(47,878)
Refundable advance	(135,000)	260,000
Accrued salaries and related benefits	34,003	3,861
Short-term lease liability	(4,255)	2,311
Operating lease liabilities	<u>(471,039)</u>	<u>(373,369)</u>
Net cash used by operating activities	<u>(819,579)</u>	<u>(62,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(18,551)
Purchase of investments	(114,721)	(1,130,634)
Liquidation of certificate of deposit	<u>234,955</u>	<u>228,497</u>
Net cash provided (used) by investing activities	<u>120,234</u>	<u>(920,688)</u>
Net decrease in cash and cash equivalents	(699,345)	(982,704)
Cash and cash equivalents at beginning of year	<u>1,278,432</u>	<u>2,261,136</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 579,087</u>	<u>\$ 1,278,432</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Right-of-Use Assets	\$ _____ -	\$ <u>2,606,246</u>
Operating Lease Liabilities for Right-of-Use Assets	\$ _____ -	\$ <u>2,606,246</u>

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Dress for Success Worldwide (“DSW” or the “Organization”) is a not-for-profit service organization headquartered in New York City, operating through a global network of more than 130 independent local affiliates (“Affiliates”) across the United States and internationally. As the managing entity of the Dress for Success brand, DSW supports and strengthens the impact and effectiveness of the global affiliate network.

The Organization is funded through contributions and grants, as well as in-kind product donations and pro bono services that advance its mission.

DSW is supported by a dedicated team of professionals working across operations, communications, development, program delivery, and affiliate relations. Led by the Chief Executive Officer, this team collaborates to implement the Organization’s strategic priorities and mission. Governance is provided by a 24-member volunteer Board of Directors, of whom 22 serve as voting members.

Dress for Success is committed to helping women achieve economic independence by securing meaningful employment at a livable wage, sustaining long-term success through a strong network of support, improving financial literacy, and increasing awareness of the systemic challenges faced by the women we serve.

To advance this mission, DSW provides services and support that enable Affiliates to deliver impactful client programming and expand the collective global reach of the Dress for Success brand. Affiliates are financially, operationally, and legally independent of DSW; therefore, their assets, liabilities, revenues, expenses, and cash flows as of December 31, 2024, are not included in the accompanying financial statements.

In addition to supporting the affiliate network, DSW also operates direct service programs in select markets. In 2024, this included programming for women in both New York City and Chicago. These locations continue to serve local communities while preparing to transition into independent, stand-alone Affiliates. In alignment with the strategic plan, the Chicago hub officially spun off as an independent Affiliate in October 2024.

Description of programs -

Affiliate impact program: Dress for Success Worldwide supports a global network of affiliates at all stages of development—from start-up to established organizations—through capacity-building initiatives, governance and sustainability support, and operational guidance. In 2024, this included implementing monitoring and evaluation frameworks, strengthening affiliate governance policies, and providing technical assistance for program implementation and compliance. DSW facilitates affiliate engagement through leadership conferences, regional roundtables, and digital platforms for resource sharing and collaboration. The Organization also manages centralized disbursement of designated funding and in-kind contributions from donors, while overseeing global brand management, impact measurement, and affiliate standards.

DSW centrally manages programmatic partnerships and initiatives that support affiliates in delivering workforce development services globally. Areas of focus include career readiness, skill-building, peer support, and access to professional attire. In 2024, DSW expanded initiatives in entrepreneurship, mental health and well-being, and financial literacy, while also enhancing the Dress for Success Online Community. The platform continues to serve as a centralized hub for client resources, digital programming, and virtual connection between affiliates and the women they serve.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Description of programs (continued) -

Local workforce development program: Through service hubs in New York City and Chicago, DSW provides direct programming to unemployed and under employed women seeking career advancement and financial stability. Offerings include professional attire, career coaching, employment retention, digital literacy, and financial education. Services are delivered both in-person and online using individual and cohort-based models tailored to the needs of each community. Programs emphasize trauma-informed practices and support participants through job search, placement, and career growth. In alignment with the strategic plan, the Chicago hub officially spun off as an independent Affiliate in October 2024.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding amounts held within the investment portfolio in the amount of \$172,445 at December 31, 2024. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributed nonfinancial asset receivable -

Contributed nonfinancial asset receivable represents the difference between fair-market value of lease payments and the actual lease payments in accordance with Topic 842 for the Organization's office space in New York, New York (see Note 3 for further details). Contributed nonfinancial asset receivables to be amortized in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributed nonfinancial assets - product revenue and is restricted for time.

Grants and contributions receivable

Grants and contributions receivable include unconditional promises to give. Grants and contributions receivable are recorded at their net realizable value which approximates fair value. Management considers all amounts to be fully collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation and amortization expense for the year ended December 31, 2024 totaled \$8,117.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Organization is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Support from corporate, foundation and government grants -

Support from corporate, foundation and government grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from grants is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Grants that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional grants and contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional grants contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organization's refundable advances totaled \$275,000 as of December 31, 2024.

In addition, the Organization may obtain funding source agreements related to conditional contributions, which will be received in future years. However, the Organization had no conditional contributions to be received in future years as of December 31, 2024.

Contributed nonfinancial assets -

The Organization receives contributed nonfinancial assets in the form of products and services which are recorded as contributions at their estimated fair value at the date of receipt. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Such donations are reported as support without restrictions unless the donor has restricted the donated asset to a specific purpose. In addition, volunteers have donated significant amounts of their time to the Organization. These donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

The Organization receives financial and in-kind support for its Affiliates each year and passes through the contributions to its Affiliates.

Affiliates -

Distributions including restricted funding for employment programs, reallocation of corporate funds to Affiliates participating in strategic partnership engagements, and contributions provided to Affiliates for other purposes. For the year ended December 31, 2024, the Organization passed-through a total of \$8,851,117 in affiliate funds. Further, the Organization acts as an agent to the Affiliates for online donations.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Affiliates (continued) -

The Organization receives online donations designated for specific Affiliates from contributors, and accordingly, treats the transaction as an exchange and does not record the receipt of funds as a contribution. For the year ended December 31, 2024, the Organization received approximately \$63,081 of online donations designated for Affiliates.

Use of estimates -

The preparation of the 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 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.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

2. INVESTMENTS (Continued)

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed Income* - Current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Alternatives* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds, real estate trusts or partnerships.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 172,445	\$ -	\$ -	\$ 172,445
Equities	3,447,302	-	-	3,447,302
Fixed income	-	3,575,362	-	3,575,362
Alternatives	-	-	21,124	21,124
TOTAL INVESTMENTS	\$ 3,619,747	\$ 3,575,362	\$ 21,124	\$ 7,216,233
CERTIFICATES OF DEPOSIT	\$ -	\$ 786,548	\$ -	\$ 786,548

Net investment return consisted of the following for the year ended December 31, 2024:

Interest and dividends	\$ 218,208
Realized and unrealized gain	465,927
Investment expenses	(59,988)
NET INVESTMENT RETURN	\$ 624,147

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

3. CONTRIBUTED NONFINANCIAL ASSET RECEIVABLE

During the year ended December 31, 2023, the Organization entered into a long-term office lease agreement that expires in June 2028, where the Organization will make rent payments below the market value for the lease. In accordance with Topic 842 for below market rents, the Organization recorded a contribution receivable for the difference between the fair-market value of the lease payments and the actual lease payments. The contribution is restricted for time and the contribution receivable is reduced monthly by recording rent expense over the lease term. The contribution receivable to be reduced beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate 4.31%.

Following is a schedule of amounts due, by year, as of December 31, 2024:

Less than one year	\$ 331,404
One to five years	<u>904,656</u>
 Total	 1,236,060
Less: Allowance to discount balance to present value	<u>(51,107)</u>
 NET RECEIVABLE	 <u>\$ 1,184,953</u>

The Organization recognized \$315,132 of donated lease income during the year ended December 31, 2024.

4. LINE OF CREDIT

The Organization has a \$250,000 bank line of credit which automatically renews on March 1 of each year. Amounts borrowed under this agreement bear interest at the bank's prime rate which was 7.50% at December 31, 2024. As of December 31, 2024, there was no outstanding balance on the line of credit. The line is secured by certificate of deposit in the amount of \$250,000.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2024:

Subject to expenditure for specified purpose:	
Affiliate Support	\$ 172,000
Rebranding	50,000
Strategic Plan	80,000
Scholarships Fund	14,000
Financial Education	210,000
Mental Health and Wellness	450,000
ScotiaRise	<u>83,871</u>
 Subtotal	 1,059,871
Subject to passage of time	<u>1,232,952</u>
 NET ASSETS WITH DONOR RESTRICTIONS	 <u>\$ 2,292,823</u>

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2024:

Purpose restrictions accomplished:	
Affiliate Support	\$ 423,000
Global Ambassadors	25,000
Strategic Plan	70,000
Financial Education	395,000
Scholarships Fund	286,000
Success Starter Program	350,000
ScotiaRise	16,129
Timing restrictions accomplished	<u>315,132</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>1,880,261</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 579,087
Investments	7,216,233
Grants and contributions receivable	<u>48,000</u>
Subtotal financial assets available within one year	7,843,320
Less: Donor restricted funds, net of nonfinancial contribution receivable	<u>(1,107,870)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>6,735,450</u>

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, the Organization has a line of credit agreement (as further discussed in Note 4) which allows for additional access to resources.

7. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2024, the Organization was the beneficiary of contributed nonfinancial assets in the form of products and services which allowed the Organization to provide greater resources toward various programs. Certain assets have been restricted for time as discussed in Note 3.

The contributed nonfinancial assets consisted of the following for the year ended December 31, 2024:

Product and clothing	\$ 7,120,143
Legal services	<u>1,049,681</u>
TOTAL	\$ <u>8,169,824</u>

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

7. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended December 31, 2024:

Local Workforce Development	\$ 195,771
Affiliate Impact Program	7,285,686
Management and General	590,482
Fundraising	97,885
Donated lease income - recognized from receivable	<u>315,132</u>
TOTAL	\$ <u>8,484,956</u>

Donated lease expense is included in Occupancy and related costs in the accompanying Statement of Functional Expenses.

8. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Operating Leases:

The Organization has three non-cancelable operating leases for office space, which includes the Worldwide headquarters, the Greater New York office—which also serves as a boutique—and the Chicago location. The lease at 32 E 31st Street expires in 2027, the lease at 1040 Avenue of the Americas expires in 2028, and the Chicago lease extends through 2031. Following the spin-off of the Chicago affiliate in October, Worldwide now subleases the Chicago space to the affiliate. The leases contain annual escalation clauses for property taxes and general operating and maintenance costs of the landlord, as well as annual rental increases. Further, certain leases contain negotiated monthly rent abatements.

As discussed in Note 1, the Chicago hub was officially spun off as an independent affiliate in October 2024. Although the Chicago lease agreement remains under the title of Dress for Success Worldwide, the Organization and the newly spun off Chicago hub reached an Assignment and Assumption Agreement during the year, which formally obligates the Chicago hub to fulfill all remaining obligations under the lease agreement designated to the Organization.

The Chicago hub makes payments related to the lease agreement directly to the lessor for the remainder of the agreement. The agreement results in an implied sublease receivable from the Chicago Hub, and an identical lease payable for the remaining cash payments scheduled over the remainder of the lease agreement ending September 2031. As of December 31, 2024, the remaining balance of the offsetting sublease receivable and payable for the Chicago lease totaled \$724,897.

For the year ended December 31, 2024, total lease cost was \$991,890 and total cash paid was \$570,173 for all operating leases. As of December 31, 2024, the weighted-average remaining lease term and rate for operating leases is 4.26 years and 4.36%, respectively.

DRESS FOR SUCCESS WORLDWIDE

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

8. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2025	\$ 590,130
2026	596,926
2027	445,253
2028	275,487
2029	120,785
Thereafter	<u>220,198</u>
Subtotal	2,248,779
Less: Imputed interest	<u>(199,336)</u>
Subtotal	2,049,443
Less: Current portion	<u>(572,186)</u>
LONG-TERM PORTION	\$ <u>1,477,257</u>

9. RETIREMENT PLAN

The Organization has a 403(b) retirement plan (the "Plan"). The Plan covers all eligible employees, as defined. The Plan also provides employer discretionary matching contributions, up to 4% and employer discretionary contributions to all eligible employees. The Organization reserves the right to modify or discontinue the Plan at any time. For the year ended December 31, 2024, the employer discretionary matching contribution totaled \$28,818.

The Organization also adopted an executive deferred compensation plan for selected employees (managerial or highly compensated). The executive plan allows eligible employees to defer portions of their current compensation. The initial employee covered under the executive plan received a full disbursement of the total accrued compensation during the year ended December 31, 2024.

10. AFFILIATE TRANSFER

On August 23, 2024, Dress for Success Greater Chicago ("DFS Chicago"), a program under the Fund, spun off its operations and programs to a new independent 501(c)(3) organization. All unspent DFS Chicago balances as of December 31, 2024, were transferred in accordance with the spinoff agreement between the Fund and the Sponsored Project dated August 23, 2024. The total net assets transferred consisted of the following:

Cash and Cash Equivalents	\$ <u>250,000</u>
Net Assets	\$ <u>250,000</u>

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 1, 2025, the date the financial statements were issued.