

POSITIVE EXPOSURE PRODUCTIONS, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023
(Unaudited)

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6-13



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Independent Accountant's Review Report

To Management and the Board of Trustees of
Positive Exposure Productions, Inc.
New York, NY

We have reviewed the accompanying financial statements of Positive Exposure Productions, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

We are required to be independent of Positive Exposure Productions, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion


As disclosed in Note 2 to the financial statements, accounting principles generally accepted in the United States of America require that fixed assets be depreciated over their estimated useful lives. The Organization has computed depreciation on its fixed assets in accordance with the Modified Accelerated Cost Recovery System required for federal income tax purposes, which does not allocate depreciation expense over the estimated useful lives of the assets. Management has determined the effect of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements is immaterial.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Positive Exposure Productions, Inc.'s December 31, 2023 financial statements and in our report dated September 16, 2024, stated that based on our procedures, except for the issues noted in the Basis for Qualified Conclusion paragraph, we were not aware of any material modifications that should be made to the December 31, 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. Except for the issues noted in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2023 for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Kw/D LLP", is positioned above the printed name of the firm.

Kweit, Mantell & DeLucia, LLP
Certified Public Accountants
Melville, New York

August 15, 2025

POSITIVE EXPOSURE PRODUCTIONS, INC.
Statements of Financial Position
December 31, 2024 and 2023
(Unaudited)

	2024	2023
Assets		
Cash	\$ 83,480	\$ 232,725
Accounts receivable	7,744	7,440
Inventory	20,787	21,347
Prepaid expenses	2,550	-
Security deposit	-	17,484
Investment - deferred compensation	110,178	106,889
Right-of-use asset - operating lease	-	347,285
Property and equipment		
Equipment	73,494	67,209
Furniture	18,469	15,454
Leasehold Improvements	76,995	76,995
Website	42,414	32,914
Total property and equipment	211,372	192,572
Less: accumulated depreciation	(181,102)	(163,604)
Property and equipment, net	30,270	28,968
Total assets	\$ 255,009	\$ 762,138
Liabilities and Net Assets		
Accounts payable	\$ 57,039	\$ 68,377
Credit cards payable	9,616	9,007
Accrued interest	358	3,389
Lease liability - operating lease	-	352,550
SBA loan payable	197,386	200,000
Deferred compensation	110,178	106,889
Total liabilities	374,577	740,212
Net assets without donor restrictions	(169,629)	(203,074)
Net assets with donor restrictions	50,061	225,000
Total net assets	(119,568)	21,926
Total liabilities and net assets	\$ 255,009	\$ 762,138

See independent accountants' review report and notes to financial statements.

POSITIVE EXPOSURE PRODUCTIONS, INC.
Statements of Activities
Year Ended December 31, 2024
with summarized comparative information for the year ended December 31, 2023
(Unaudited)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Support and Revenue				
Foundation, non-profit and corporate grants	\$ 179,500	\$ -	\$ 179,500	\$ 274,500
Contributions	190,081	-	190,081	190,470
Program service fees	342,441	-	342,441	245,112
Other	11,531	-	11,531	10,380
Net assets released from restrictions	174,939	(174,939)	-	-
Total support and revenue	898,492	(174,939)	723,553	720,462
Expenses				
Program services				
Salaries and wages	193,747	-	193,747	233,230
Occupancy	75,768	-	75,768	90,625
Project fees	226,664	-	226,664	271,433
Travel	66,968	-	66,968	61,211
Payroll taxes and fees	19,684	-	19,684	30,985
Photography	17,999	-	17,999	12,691
Insurance	16,352	-	16,352	14,730
Dues and subscriptions	5,047	-	5,047	5,806
Meals and entertainment	3,550	-	3,550	6,448
Employee benefits	3,337	-	3,337	3,853
Pension	3,289	-	3,289	6,124
Advertising and promotional	1,637	-	1,637	2,704
Website	1,624	-	1,624	1,757
Positive Exposure book	560	-	560	283
Total program services	636,226	-	636,226	741,880
Supporting services				
Management and general				
Salaries and wages	82,409	-	82,409	87,293
Occupancy	18,942	-	18,942	22,656
Office	19,585	-	19,585	23,692
Employee benefits	16,859	-	16,859	15,828
Professional fees	12,100	-	12,100	12,767
Other	11,768	-	11,768	11,126
Payroll taxes and fees	8,372	-	8,372	11,597
Dues and subscriptions	613	-	613	-
Depreciation	9,427	-	9,427	18,925
Amortization	8,071	-	8,071	5,189
Total management and general	188,146	-	188,146	209,073
Fundraising				
Salaries and wages	21,000	-	21,000	26,000
Events	16,902	-	16,902	44,425
Payroll taxes and fees	2,133	-	2,133	3,454
Travel	340	-	340	256
Other	300	-	300	686
Total fundraising	40,675	-	40,675	74,821
Total supporting services	228,821	-	228,821	283,894
Total expenses	865,047	-	865,047	1,025,774
Increase (decrease) in net assets	33,445	(174,939)	(141,494)	(305,312)
Net assets, beginning of year	(203,074)	225,000	21,926	327,238
Net assets, end of year	\$ (169,629)	\$ 50,061	\$ (119,568)	\$ 21,926

See independent accountants' review report and notes to financial statements.

POSITIVE EXPOSURE PRODUCTIONS, INC.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>
Cash flows from operating expenses		
(Decrease) in net assets	\$ (141,494)	\$ (305,312)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	17,498	24,114
Decrease in right-of-use asset	347,285	94,275
(Increase) decrease in accounts receivable	(304)	9,694
Decrease in inventory	560	282
(Increase) in prepaid expenses	(2,550)	-
Decrease in security deposit	17,484	-
(Increase) in investment - deferred compensation	(3,289)	(6,124)
(Decrease) increase in accounts payable	(11,338)	65,877
(Decrease) in accrued interest	(3,031)	(4,983)
Increase (decrease) in credit cards payable	609	(5,657)
(Decrease) in lease liability obligation	(352,550)	(92,402)
Increase in deferred compensation liability	3,289	6,124
Net cash (used in) operating activities	<u>(127,831)</u>	<u>(214,112)</u>
Cash flows from investment activities		
Purchase of equipment	(6,285)	-
Purchase of furniture	(3,015)	-
Purchase of leasehold improvements	-	(1,400)
Investment in website	(9,500)	(8,036)
Net cash (used in) investment activities	<u>(18,800)</u>	<u>(9,436)</u>
Cash flows from financing activities		
Repayment of SBA note payable	(2,614)	-
Net cash (used in) financing activities	<u>(2,614)</u>	<u>-</u>
Net (decrease) in cash	(149,245)	(223,548)
Cash, beginning of year	<u>232,725</u>	<u>456,273</u>
Cash, end of year	<u>\$ 83,480</u>	<u>\$ 232,725</u>
Supplemental disclosure		
Cash paid for interest	<u>\$ 9,550</u>	<u>\$ 12,958</u>
Non-cash investing and financing activities		
Recognition of new right of use assets and lease liabilities	<u>\$ -</u>	<u>\$ 382,471</u>

See independent accountants' review report and notes to financial statements.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 1 – Nature of organization

Positive Exposure Productions, Inc. (the “Organization”) is a New York not-for-profit corporation. The Organization utilizes photography, film and narrative to transform public perceptions of people living with genetic, physical, intellectual and behavioral differences.

Note 2 – Summary of significant accounting policies

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Basis of presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications had no effect on the change in net assets as of December 31, 2023.

Net asset classes

Based on the existence or absence of donor-imposed restrictions, resources are classified into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions consist of amounts that can be spent at the discretion of the Organization. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. At December 31, 2024 and 2023, \$50,061 and \$225,000 of revenue was subject to donor restrictions, respectively. All donor-imposed restrictions were temporary in nature as of December 31, 2024 and 2023.

Cash equivalents

For the purposes of classification on the Statements of Financial Position and the Statements of Cash Flows, the Organization considers all highly liquid investments with original maturities of three months or less when acquired to be cash equivalents.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 2 – Summary of significant accounting policies (continued)

Accounts Receivable and Allowance for Credit Losses

The Organization records an amount as a receivable when an amount is pledged, upon providing the service or when it has an unconditional right to consideration under a contract. As of December 31, 2024 and December 31, 2023, all receivables are expected to be received in less than one year. The Organization assesses collectability of its receivables based on management's experience, the aging of receivables, subsequent receipts and current and future economic conditions. As of December 31, 2024 and 2023, management deems its accounts receivable to be collectible and therefore has not provided an allowance for credit losses.

Inventory

Inventory is reported at cost and is recognized as cost of goods sold using the weighted average cost method of accounting.

Furniture and Equipment

Furniture, equipment, and leasehold improvements are recorded at cost. It is the Organization's policy to capitalize expenditures for those items greater than a nominal amount and with a useful life of more than one year. The useful life of furniture and equipment is 7 and 5 years, respectively. The useful life of leasehold improvements is 4 years, which is the term of the Organization's lease. The Organization has computed depreciation on its fixed assets in accordance with the Modified Accelerated Cost Recovery System ("MACRS") required for federal income tax purposes. The use of MACRS represents a departure from U.S. GAAP. The use of MACRS has accelerated the depreciation of assets placed in service in earlier years. This departure from U.S. GAAP is considered immaterial.

Revenue Recognition

Income from contributions is recognized when a pledge is made. Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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. It is the Organization's policy to record all revenue with donor restrictions as without restrictions if all restrictions are satisfied in the year the funds are received. Income from honoraria or photo shoots is recorded when the service is rendered.

The Organization recognizes revenue from contracted speaking engagements, exhibition installations and photo licensing in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). ASC 606 establishes a comprehensive framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- Speaking Engagements: The Organization provides educational and informative speaking engagements, which may include keynote speeches, panel participation, workshops and seminars, for a variety of audiences, including educational institutions, professional conferences, and community groups. These engagements are governed by contracts that outline the scope, duration, and consideration for services rendered.
- Exhibition Installations: The Organization installs physical and online photography exhibits for a variety of audiences, including educational institutions, professional organizations and communities. These engagements are governed by contracts that outline the scope, duration, and consideration for the installation.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 2 – Summary of significant accounting policies (continued)

- Photo Licensing Agreements: The Organization licenses the use of its proprietary photographic content to external parties for use in publications, media, and online platforms. These agreements typically specify the scope of use, duration, and licensing fees.

The Organization recognizes revenue from contracts with customers using the five-step model as required under ASC 606:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

For speaking engagements, the Organization's performance obligation is to deliver a specified presentation or workshop at a designated time and place as outlined in the contract. Revenue is recognized at the point in time when the speaking engagement is delivered, as the customer obtains the benefit of the service simultaneously with its delivery. The transaction price is typically fixed and specified in the contract. Variable consideration, if any (e.g., travel reimbursements), is included in the transaction price to the extent it is probable that a significant reversal of revenue will not occur. If a contract is modified to add or change speaking engagements, such modifications are assessed to determine if they represent separate contracts or modifications of existing contracts in accordance with ASC 606. Any refundable deposits or cancellation penalties are accounted for based on the terms of the contract and recognized as revenue or a liability as appropriate.

For exhibition installations, the primary performance obligation is the successful installation of the exhibition at the customer's location or specified venue. The Organization's performance obligation is satisfied at the point in time when the exhibition installation is completed and control of the completed installation is transferred to the customer or sponsoring entity. Accordingly, revenue is recognized upon completion of the installation, which generally coincides with the opening of the exhibition to the public or as specified in the associated contract. The transaction price is typically fixed and specified in the contract. Amounts received in advance of the installation date are recorded as deferred revenue until the related performance obligation is satisfied. Payments received after the completion of the installation are recognized as accounts receivable until collected.

For photo licensing agreements, the Organization's performance obligation is to provide the customer with a right to use specific photographic content subject to the terms and conditions of the licensing agreement. The Organization's licenses provide a right to use the photo as it exists at the point in time the license is granted. As such, revenue is recognized at the commencement of the license period when control of the intellectual property is transferred to the licensee. The transaction price is generally fixed in the contract. Amendments that extend access or expand usage rights are assessed for whether they represent separate contracts or modifications to existing contracts. Renewals are treated as new contracts unless they represent a continuation of the rights granted in the original agreement.

There were no contract assets for unbilled receivable for performance obligations satisfied but not yet invoiced or contract liabilities (deferred revenue) for consideration received in advance of satisfying performance obligations as of December 31, 2024.

Shipping and Handling Costs

The Organization includes the cost of inbound and outbound freight for purchases and sales of the Positive Exposure book under the heading "Positive Exposure book" on the Statements of Activities within program services expenses.

The Organization does not charge for the shipping costs of books within the continental United States. These charges for orders outside the continental United States are included in sales.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 2 – Summary of significant accounting policies (continued)

Advertising

The Organization's policy is to expense advertising and promotional costs as they are incurred. As of December 31, 2024 and 2023 advertising and promotional costs totaled \$1,637 and \$2,704, respectively.

Fundraising

The Organization reports fundraising costs in the "Fundraising" expense category of the accompanying Statements of Activities. As of December 31, 2024 and 2023 fundraising costs totaled \$40,675 and \$74,821, respectively.

Method Used for Allocation of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs include salaries and wages, payroll taxes, employee benefits and occupancy. Salaries and wages, payroll taxes and employee benefits are allocated based on the duties and responsibilities of the associated employees. Occupancy is allocated based on the estimated percentage of space used for programs and supporting services.

Donated Services

Nonprofit organizations are required to recognize contributions of services if they create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills and typically would have been purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria to be recorded and have not been included in the financial statements.

Interest

The Organization's total interest costs were \$6,096 and \$7,974 for the years ended December 31, 2024 and 2023, respectively. Interest expenses are included in "Other" under the supporting services section of the Statements of Activities.

Leases

Effective January 1, 2022, the Organization adopted ASU 2016-02, utilizing the modified retrospective adoption approach. The Organization enters into contracts in the normal course of business and assesses whether any such contracts contain a lease. The Organization determines if an arrangement is a lease at inception if it conveys the right to control the identified asset for a period of time in exchange for consideration. The Organization classifies leases as operating or financing in nature and records the associated right-of-use asset and lease liability on its Statements of Financial Position. The lease liability represents the present value of future lease payments, net of lease incentives, discounted using a risk free rate when the rate implicit in the contract is not readily determinable. Lease expense is recognized as a single lease cost on a straight-line basis over the lease term. The lease term consists of non-cancelable periods and may include options, including those to extend or terminate, if it is reasonably certain they will be exercised. The Organization accounts for lease and non-lease components related to operating leases as a single lease component. The Organization has elected that costs associated with leases having an initial term of 12 months or less ("short-term leases") are recognized in the Statements of Activities on a straight-line basis over the lease term and are not recorded on the Statements of Financial Position. Variable lease expense is recognized as incurred and consists primarily of utilities and other office space related expenses.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 2 – Summary of significant accounting policies (continued)

Income Taxes

The Organization is incorporated as a not-for-profit corporation under the laws of the State of New York and is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Code and qualifies for the maximum charitable deduction for donors. Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Organization did not have any unrelated business taxable income for the years ended December 31, 2024 and 2023.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments, which, amends the requirement on the measurement and recognition of expected credit losses for financial assets held. Furthermore, amendments, ASU 2019-10 and ASU 2019-11 provided additional clarification for implementing ASU 2016-13. The Organization adopted the standard on January 1, 2023 and the adoption resulted in no material impact on the Statements of Activities and the Statements of Financial Position.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 15, 2025, which is the date the financial statements were issued.

On May 24, 2025, the Organization terminated its 457(f) deferred compensation plan. As a result of the termination, the participant forfeited all nonvested benefits under the plan. In accordance with applicable accounting guidance, previously accrued pension expense related to the forfeited benefits was reversed in the period subsequent to the balance sheet date. The forfeited amounts were disbursed to the Organization in accordance with the plan document. The impact of this event is reflected as a reduction of expense in the period in which the forfeiture occurred.

Note 3 – Investments

The following table sets forth the investments at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 110,178	\$ 106,889
	<u>\$ 110,178</u>	<u>\$ 106,889</u>

The following schedule summarizes the Organization’s investment return for each fiscal year:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 3,297	\$ 3,148
Investment fees	<u>8</u>	<u>24</u>
Total investment return	<u>\$3,289</u>	<u>\$ 3,124</u>

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 4 – Long term debt

The Organization borrowed \$100,000 from the Small Business Administration (SBA) under the Economic Injury Disaster Loan (EIDL) program on June 7, 2020 and an additional \$100,000 on April 18, 2022. Principal payments are amortized over a 30 year period at an interest rate of 2.75% per annum. Repayments are due in consecutive monthly installments of principal and interest with a deferral that was granted until December 7, 2022. The loan may be prepaid in part or in full, at any time, without penalty.

Maturities of long-term debt are as follows:

2025	\$ 5,270
2026	5,417
2027	5,568
2028	5,709
2029	5,882
Thereafter	<u>169,540</u>
Total	<u>\$ 197,386</u>

Note 5 – Net assets

Net assets with donor restrictions as of December 31, 2024 and 2023, are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Net assets restricted to purpose	<u>\$ 50,061</u>	<u>\$ 225,000</u>
Total net assets with donor restrictions	<u>\$ 50,061</u>	<u>\$ 225,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose totaling \$174,939 and \$350,000 for the years ended December 31, 2024 and 2023, respectively.

Note 6 – Leases

Effective February 1, 2019, the Organization entered into an office lease agreement. The agreement expired on July 31, 2023 and required a monthly payment of \$8,000 for the first year of the lease, with a 3% escalation in rent each year on the anniversary date. Effective August 1, 2023, the Organization entered into an agreement to extend the office lease agreement through July 31, 2027. The amendment to the agreement required a monthly payment of \$8,000 for the 12-month period ending July 31, 2024, with a 3% escalation in rent each year on the anniversary date.

The agreement effective August 1, 2023 included a paragraph stating that the Organization may terminate the lease on August 31, 2024 if the lessor did not substantially complete the installation of a ramp compliant with the Americans with Disabilities Act (“ADA”) by July 31, 2024. The ADA-compliant ramp was not completed by that date, and the Organization terminated the lease effective August 31, 2024. Per agreement with the lessor, the Organization continued to occupy the office during the period of September to December 2024. The Organization agreed with the lessor that rent for the months of August through October 2024 would be \$8,000 per month and the rent for November and December 2024 would be fully paid by applying the security deposit of \$17,484 as the rent for those months.

On January 3, 2025, the Organization entered into a lease agreement for an office at another location. The agreement is effective January 1, 2025 and expires December 31, 2025. The rent for 2025 is \$2,500 per month.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 6 – Leases (continued)

Rent expense, which is part of occupancy in the financial statements, totaled \$92,219 and \$104,619 for the years ended December 31, 2024 and 2023, respectively. Future minimum rentals are as follows:

Year ending December 31,	
2025	\$ 30,000
2026	0
2027	0
2028	0
2029	0
Thereafter	<u>0</u>
Total	<u>\$ 30,000</u>

As the lease agreement effective August 1, 2023 was terminated effective August 31, 2024, and the lease agreement effective January 1, 2025 is a short-term lease, the Organization had no operating lease right-of-use assets, no current or non-current operating lease liabilities, and no finance leases reported on the Statements of Financial Position as of December 31, 2024.

Note 7 – Retirement plans

During 2015, upon Board approval, the Organization established a non-qualified deferred compensation plan under section 457(f) of the Internal Revenue Code for a key employee. All employer contributions are discretionary. Contributions of \$0 and \$3,000 were made to this plan for the years ended December 31, 2024 and 2023, respectively. Pension expense for this plan totaled \$3,289 and \$6,124 for the years ended December 31, 2024 and 2023, respectively.

During 2022, the Organization established a 401(k) plan allowing elective contributions for employees who have completed one hour of service, and discretionary nonelective contributions for employees who have completed one year of service. A participant may make voluntary contributions through salary reductions subject to certain limitations. The participants' interest in all contributions is fully vested and non-forfeitable. Company contributions are subject to a vesting schedule and become non-forfeitable after six years of service or the attainment of normal retirement age.

Note 8 – Income taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Generally, federal and state authorities may examine the organization's tax returns for three years from the date of filing and the Organization's tax returns for 2021 and forward remain subject to examination as of December 31, 2024.

Note 9 - Concentrations

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. The Organization places its cash with what it believes to be quality financial institutions. At times, the balances in these accounts exceed federally insured limits.

The Organization's management monitors the collectability of its receivables on an ongoing basis. Consequently, management believes that concentrations of credit risk are limited.

In the current year, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is always growing, which management believes mitigates this risk.

POSITIVE EXPOSURE PRODUCTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024
with comparative amounts for the year ended December 31, 2023

Note 10 – Availability of financial assets for general expenditures

The following reflects the Organization’s financial assets as of December 31, 2024, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date. General expenditures include operating expenses incurred in carrying out the Organization’s day-to-day activities.

Financial Assets Available within One Year:	
Cash and cash equivalents	\$83,480
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions as to purpose	50,061
	\$33,419

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. General expenditures include operating expenses incurred in carrying out the Organization’s day-to-day activities.