THE PACK SHACK

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2025
(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2024)

PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

THE PACK SHACK

DECEMBER 31, 2025

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2024)

Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-19

PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
The Pack Shack
Cave Springs, Arkansas

Opinion

We have audited the accompanying financial statements of The Pack Shack (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pack Shack as of December 31, 2025, and the changes 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 Pack Shack 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 Pack Shack'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 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, 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 Pack Shack'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 Pack Shack'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 Prior Year Financial Statements

We have previously audited The Pack Shack's 2024 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated December 1, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 28, 2026

FINANCIAL STATEMENTS

THE PACK SHACK

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31,	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 138,657	$ 28,763
Accounts receivable	300,713	272,662
Inventories	251,580	159,306
Deposits	-	100
Total Current Assets	690,950	460,831
Noncurrent Assets		
Operating lease right-of-use asset, net	948,140	67,641
Property and Equipment		
Office furniture and equipment	26,363	24,183
Machinery and equipment	179,420	176,689
Accumulated depreciation	(122,617)	(85,983)
Net Property and Equipment	83,166	114,889
Total Noncurrent Assets	1,031,306	182,530
Total Assets	$ 1,722,256	$ 643,361
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 287,142	$ 216,222
Accrued payroll and related withholdings	18,397	-
Accrued interest	5,330	8,697
Other accrued liabilities	11,118	-
Deferred revenue	311,500	391,572
Current portion of operating lease liability	86,983	44,191
Current portion of Economic Injury Disaster Loan	6,258	6,054
Current portion of notes payable	25,216	23,604
Total Current Liabilities	751,944	690,340
Long-Term Liabilities		
Operating lease liability	861,157	23,450
Economic Injury Disaster Loans	322,498	330,044
Notes payable	82,626	107,704
Total Long-Term Liabilities	1,266,281	461,198
Total Liabilities	2,018,225	1,151,538
Net Assets		
Without Donor Restrictions (deficit)	(295,969)	(508,177)
Total Net Assets (Deficit)	(295,969)	(508,177)
Total Liabilities and Net Assets	$ 1,722,256	$ 643,361

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31,	2025	2024
Revenues and Other Support Without Donor Restrictions		
Feed the Funnel	2,747,035	$ 2,413,682
Grants and donations	20,017	65,132
Donations of nonfinancial assets	15,000	-
Reimbursement income	61,072	67,250
Facility rental income	16,898	18,100
Equipment rental income	29,733	29,967
Other income	2,861	14,967
Total Revenues and Other Support Without Donor Restrictions	2,892,616	2,609,098
Expenses		
Program services	2,329,217	2,627,693
Management and general	195,561	88,837
Fundraising	155,630	35,215
Total Expenses	2,680,408	2,751,745
Change in Net Assets Without Donor Restrictions	212,208	(142,647)
Net Assets Without Donor Restrictions, beginning of period (deficit)	(508,177)	(365,530)
Net Assets Without Donor Restrictions, end of period (deficit)	(295,969)	$ (508,177)

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025 WITH COMPARATIVE TOTALS FOR 2024

	Program Service	Management & General	Fund Raising	2025 Total	2024 Total
Compensation and Related Expenses					
Payroll	$ 377,191	$ 102,807	$ 102,807	$ 582,805	$ 537,198
Employee benefits	99,860	25,753	23,766	149,379	146,092
Payroll taxes	29,561	8,057	8,057	45,675	40,163
Total Compensation & Related Expenses	506,612	136,617	134,630	777,859	723,453
Occupancy					
Facility rent	162,244	1,325	-	163,569	76,059
Repairs and maintenance	1,438	12	-	1,450	872
Utilities	16,039	131	-	16,170	19,024
Total Occupancy	179,721	1,468	-	181,189	95,955
Ingredients	1,102,592	-	-	1,102,592	1,277,737
Shipping	223,041	-	-	223,041	210,994
Transportation	48,252	-	-	48,252	55,002
Supplies	91,669	-	-	91,669	109,563
Equipment	3,368	-	-	3,368	17,276
Other program rental	-	-	-	-	8,170
Travel	115,704	2,320	3,305	121,329	104,928
Contract labor	2,975	-	-	2,975	8,518
Professional fees	-	15,190	3,600	18,790	28,583
Marketing	-	-	11,600	11,600	11,861
Office expenses	-	8,305	-	8,305	5,066
Information technology	-	11,116	2,495	13,611	13,236
Insurance	8,832	72	-	8,904	7,292
Contributions	-	25	-	25	4,335
Bank and credit card fees	-	6,497	-	6,497	4,203
Interest expense	10,396	9,382	-	19,778	18,138
Miscellaneous expenses	-	3,990	-	3,990	6,315
Total Administration	1,606,829	56,897	21,000	1,684,726	1,891,217
Total Expenses Before Depreciation	2,293,162	194,982	155,630	2,643,774	2,710,625
Depreciation	36,055	579	-	36,634	41,120
Total Expenses	$ 2,329,217	$ 195,561	$ 155,630	$ 2,680,408	$ 2,751,745

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 212,208	$ (142,647)
Items not effecting cash		
Depreciation	36,634	41,120
Amortization of right-of-use asset	77,423	40,808
(Increase)/decrease in:		
Accounts receivable	(28,051)	(241,871)
Inventories	(92,274)	96,704
Deposits	100	2,250
Increase/(decrease) in:		
Accounts payable	70,920	(33,223)
Accrued payroll and related withholdings	18,397	-
Accrued interest	(3,367)	-
Other accrued liabilities	11,118	-
Deferred revenue	(80,072)	302,322
Operating lease liability	(77,423)	(40,808)
Net Provided By Operating Activities	145,613	24,655
Cash Flows From Investing Activities		
Purchase of property and equipment	(4,911)	-
Net Cash Used In Investing Activities	(4,911)	-
Cash Flows From Financing Activities		
Principal paid on long-term debt	(30,808)	(30,359)
Net Cash Used In Financing Activities	(30,808)	(30,359)
Net Increase (Decrease) In Cash, Cash Equivalents	109,894	(5,704)
Cash, Cash Equivalents - beginning of year	28,763	34,467
Cash, Cash Equivalents - end of year	$ 138,657	$ 28,763
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 23,145	$ 18,138
Supplemental Schedule of Noncash Capital and Related Financing Activities		
Right-of-use operating lease assets obtained in exchange for lease liabilities	$ 1,022,013	$ -
Right-of-use operating lease assets and liabilities disposed of due to lease termination	$ 64,091	$ -

See accompanying notes to financial statements.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Nature of Operations

The Pack Shack (the Organization) is a not-for-profit organization headquartered in Cave Springs, Arkansas. The mission of the Organization is to increase awareness about hunger issues affecting communities, provide food to nonprofits, and encourage people to get involved with local nonprofits serving their neighbors.

The Organization hosts Feed the Funnel Parties where groups of individuals come together to pack meals. The Organization provides the ingredients, supplies and equipment for each event. Groups are charged a standard rate per meal for each meal that is packed plus a small flat administrative fee. A majority of Feed the Funnel parties are hosted offsite although smaller, local groups often utilize the Organization's facility for Feed the Funnel parties.

The meals are packed are subsequently donated free of charge to local organizations, such as food banks and food pantries, to distribute to people and/or other organizations in their area.

1. Summary of Significant Accounting Policies

Comparative and Summarized Financial Information

The financial statements include certain prior year summarized comparative totals. 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, 2024, from which the summarized totals were derived.

A prior period adjustment was made to record a second Economic Injury Disaster Loan (EIDL) received in 2022 that had erroneously been recorded as a forgiven loan. The effect on the Organization's 2024 financial statements was as follows;

	Original 2024 Balance	Change	Restated 2024 Balance
Statement of Financial Position			
Accrued interest	$ -	$ 8,697	$ 8,697
Economic Injury Disaster Loan - long-term	215,044	115,000	330,044
Net assets without donor restrictions (deficit)	(384,480)	(123,697)	(508,177)

In addition, certain 2024 amounts have been reclassified in order to conform with the 2025 financial statement presentation, Net assets and changes in net assets are unchanged due to these reclassifications.

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Financial Statement Presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions - these net assets result from contributions or grant awards of cash or other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires either with the passage of time or by action of the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The Organization's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying Statement of Financial Position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these instruments.

Cash Flows

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist of amounts owed for program fees and donations and are stated at the amount the Organization expects to collect. Most of the accounts are paid in advance, however, if not, amounts are generally due within 30 days of invoice date. Interest is not charged on past due accounts. An allowance for credit losses is evaluated based upon the Organization's judgement including such factors as prior collection history, the number of days delinquent, subsequent cash collections, and expectations regarding future losses. The Organization has not recorded an allowance for credit losses for trade accounts receivable as of December 31, 2025 and 2024, as the amount is immaterial to the financial statements.

Inventory

Inventories consist of ingredients and packing supplies. Inventories are stated at lower of cost or net realizable value. Costs are determined on a first-in, first out basis.

Property and Equipment

The Organization records purchases of property and equipment at original cost. Expenditures for maintenance and repairs that do not add to the value or capacity of the asset or materially extend asset lives are expensed as incurred. Depreciation is calculated using the straight-line method with estimated useful lives as follows:

Office furniture and equipment	2 years
Machinery and equipment	3 - 5 years
Software	4 years

It is the Organization's policy to capitalize all asset purchases with a cost equal to or greater than $500. Expenditures of less than $500 are expensed at the time of purchase.

Depreciation expense for the years ended December 31, 2025 and 2024 was $36,634 and $41,120, respectively.

Right-of-Use Assets / Liabilities

The Organization determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The Organization uses its incremental borrowing rate to discount the lease payments.

1. Summary of Significant Accounting Policies (continued)

Right-of-Use Assets / Liabilities (continued)

Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

The Organization has elected not to record leases with a term of twelve months or less, cancellable leases, and leases that are not material are on the Statement of Financial Position. The payments are recognized on a straight-line basis over the lease term.

The Organization monitors changes in circumstances that would require a remeasurement of a lease, and will remeasure the right-of-use lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the right-of-use lease asset and/or lease liability.

Deferred revenue

Payments received from other organizations for future Feed the Funnel parties are deferred and recognized as revenue in the period when the party occurs.

Revenue Recognition

Program revenue is recognized when services are provided; generally this occurs when the parties are held. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services.

Conditional contributions and grants are those that contain a barrier that must be overcome before the Organization is entitled to the assets transferred and a right of return of assets transferred or a right of release of the donor's obligation to transfer assets exists. Conditional contribution and grant revenue is recognized when all barriers have been overcome. All other contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets and services are reflected in the financial statements at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

1. Summary of Significant Accounting Policies (continued)

Contributions of Nonfinancial Assets (continued)

Contributed services are recorded in the financial statements to the extent that (a) those services create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Unpaid volunteers have made significant contributions of their time to the Organization's programs. The value of these contributions is not included in the financial statements because the volunteers' time does not meet the criteria for recognition under generally accepted accounting principles.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services. Expenses were allocated based on time and usage estimates.

Advertising

The Organization expenses advertising costs as they are incurred.

Shipping and Handling Cost

Shipping and handling costs paid for the purchase of ingredients was $220,864 and $206,934 for the years ended December 31, 2025 and 2024, respectively.

Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

2. Federal Income Tax

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of Arkansas statutes. Accordingly, no provision or liability for federal or state, current or deferred income taxes has been included in the accompanying financial statements. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax exempt status.

2. Federal Income Tax (continued)

The Organization follows the guidance of the Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes,* related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the year ended December 31, 2025, management of the Organization is not aware of any material uncertain tax positions.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statues. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

3. Bank Deposits

The Organization maintains its operating bank accounts in two local financial institution. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to $250,000. The Organization's cash balances may, at times, exceed these insured limits. As of December 31, 2025 and 2024, all of the Organization's deposits were insured. The Organization does not believe that there is any significant risk associated with the concentrations of credit nor has the Organization experienced any losses in such accounts.

4. Accounts Receivable

Accounts receivable consists of the following:

As of December 31,	2025	2024	2023
Feed the Funnel parties	$ 99,330	$ 159,482	$ 19,150
Neighborly Food (see Note 12)	201,383	113,180	11,641
Total	$ 300,713	$ 272,662	$ 30,791

5. Inventories

Inventory held by the Organization consists of the following:

As of December 31,	2025	2024
Ingredients	$ 230,940	$ 142,620
Supplies	20,640	16,686
Total	$ 251,580	$ 159,306

6. Right-of-Use Assets and Liabilities and Other Leases

In 2025, the Organization consolidated its operations in one facility. The Organization had previously leased two separate facilities. One of the former leases was under a month to month arrangement while the other was under a long-term contract that was early terminated. Both leases were terminated without penalty and there was no gain or loss upon disposition of the right-of-use asset and liability.

The new lease term is for a period of nine years and may be renewed for two additional five year terms. The Organization pays a monthly base rent may be adjusted annually based upon the Consumer Price Index. In addition, the Organization is responsible for utilities, property taxes, and certain repairs and maintenance. These variable fees are expensed as incurred.

The Organization's right-of use asset and lease liability are as follows:

As of December 31,	2025	2024
Operating lease right-of use asset - building	$ 1,022,013	$ 124,516
Less: accumulated amortization	(73,873)	(56,875)
Leased Right-of-Use Assets, Net	$ 948,140	$ 67,641
Operating lease liability - building	$ 948,140	$ 67,641

The Organization also leases trucks for transporting materials for its Feed the Funnel parties. These are short-term rentals that are expensed as incurred.

Total lease costs are as follows:

For the Year Ended December 31,	2025	2024
Operating lease costs - building	$ 150,300	$ 48,000
Variable lease costs - utilities and property taxes	27,116	19,024
Short-term lease costs:		
Building	2,150	28,059
Transportation equipment	32,170	40,616
Total Lease Costs	$ 211,736	$ 135,699

Weighted Average Terms and Discount Rates:

As of December 31,	2025	2024
Weighted average discount rate:	7.99%	7.99%
Weighted average remaining lease term (in years):	8.1	1.5

6. Right-of-Use Assets and Liabilities and Other Leases (continued)

The aggregate future lease payments under the *new* lease are as follows:

For the Years Ending December 31,		
2026	$	159,600
2027		159,600
2028		159,600
2029		159,600
2030		159,600
thereafter		492,100
Total lease payment		1,290,100
Less: imputed interest		(341,960)
Present value of lease liability	$	948,140

7. Property and Equipment

Activity of property and equipment consists of the following:

As Of	January 1, 2025	Additions	Retirements	December 31, 2025
Office furniture and equipment	$ 24,183	$ 2,180	$ -	$ 26,363
Machinery and equipment	176,689	2,731	-	179,420
Total	$ 200,872	$ 4,911	$ -	$ 205,783

As Of	January 1, 2024	Additions	Retirements	December 31, 2024
Office furniture and equipment	$ 24,183	$ -	$ -	$ 24,183
Machinery and equipment	176,689	-	-	176,689
Total	$ 200,872	$ -	$ -	$ 200,872

8. Economic Injury Disaster Loans

In 2020, the Organization received a $235,000 Economic Injury Disaster Loan (EIDL) under provisions of the CARES Act, which was enacted March 27, 2020. EIDL funds were provided to help businesses recover from the economic impacts of the pandemic and could be used for working capital and normal operating expenses. Interest accrues at 2.75% with monthly payments of $1,004 commencing in April 2022. Each payment is applied first to accrued interest and the balance, if any, applied to principal. The loan is secured by substantially all of the Organization's assets, and matures in April 2050. The principal balance outstanding on the loan was $213,756 and $221,098 on December 31, 2025 and 2024, respectively.

8. Economic Injury Disaster Loans (continued)

In 2022, the Organization received a second $115,000 EIDL loan (see Note 1). Interest accrues at 2.75% with monthly payments of $517 scheduled to commence in April 2024. Each payment is applied first to accrued interest and the balance, if any, applied to principal. The Organization did not commence payments until January 2025. The loan is secured by substantially all of the Organization's assets and matures in April 2052. The principal balance outstanding on the loan at December 31, 2025 and 2024 totaled $115,000.

The EIDL loans are scheduled to mature as follows:

December 31,	Principal	Interest	Total
2026	$ 6,258	$ 12,990	$ 19,248
2027	9,253	8,746	12,048
2028	9,771	8,481	12,048
2029	10,043	8,209	12,048
2030	10,322	7,930	12,048
Thereafter	283,109	85,536	368,645
Total	$ 328,756	$ 131,892	$ 436,085

9. Long-Term Debt

As of December 31,	2025	2024
Equipment loan dated May 5, 2023, in the amount of $156,019 for the purchase of nine food packaging equipment pieces. The note is payable in monthly installments of $1,854 including interest at 7.99%. The note is secured by the equipment which has a carrying value of $78,303 at December 31, 2024, and matures in May 2029.	$ 107,842	$ 131,001
Equipment loan dated February 10, 2022 in the amount of $5,200 for the purchase of a forklift. Payments are due monthly in the amount of $154 including interest at 4.3%. The note is secured by the forklift which has a carrying value of $116 at December 31, 2025 and matured February 2025.	-	307
Total debt	107,842	131,308
Less current maturity	25,216	24,717
Long-term debt	$ 82,626	$ 106,591

9. Long-Term Debt (continued)

Debt is scheduled to be repaid as follows:

December 31,	Principal	Interest	Total
2026	$ 25,216	$ 7,707	$ 32,923
2027	27,307	5,616	32,923
2028	29,570	3,353	32,923
2029	25,749	930	26,679
Total	$ 107,842	$ 17,606	$ 125,448

10. Changes in Long-Term Liabilities

Activity of the long-term liabilities consists of the following:

As Of	January 1, 2025	Additions	Retirements	December 31, 2025
Equipment Loan	$ 131,001	$ -	$ 23,159	$ 107,842
Forklift loan	307	-	307	-
Economic Injury Disaster Loan #1	221,098	-	7,342	213,756
Economic Injury Disaster Loan #2	115,000	-	-	115,000
Total	$ 467,406	$ -	$ 30,808	$ 436,598

As Of		January 1, 2024	Additions	Retirements	December 31, 2024
Equipment Loan		$ 152,657	$ -	$ 21,656	$ 131,001
Forklift loan		1,910	-	1,603	307
Economic Injury Disaster Loan #1		228,198	-	7,100	221,098
Economic Injury Disaster Loan #2	*	115,000	-	-	115,000
Total		$ 497,765	$ -	$ 30,359	$ 467,406

* As discussed in Note 1, a prior period adjustment was made to record this loan

11. Concentrations

Generally accepted accounting principles require disclosure of current vulnerabilities due to certain concentrations. The Organization's revenues are primarily received from Feed the Funnel parties. One customer's Feed the Funnel parties represents approximately 33.1% and 32.3% of the Organization's total revenues and support for the years ended December 31, 2025 and 2024, respectively. Any significant reduction in the level of support from this customer could negatively impact the Organization.

12. Neighborly Food / Related Party Transactions

In 2023, Ozark Eden Foods, LLC, doing business as Neighborly Food Co. (NFC), was started by an individual related to The Pack Shack's (TPS) Co-founder and Chief Executive Officer (CEO). NFC produces rice and bean based meals for sale to consumers. NFC uses its profits to help advance the missions of other entities that address food security.

NFC is managed by the TPS's Co-founder and CEO. NFC has one part-time employee that is paid by TPS and subsequently reimbursed. NFC and TPS also share one leased facility. TPS is responsible for the lease and NFC reimburses TPS for their portion of the facility plus utilities. NFC also reimburses TPS for ingredients appropriated from the TPS warehouse, supplies and any shared labor.

In addition, in 2023, TPS obtained a loan for several pieces of equipment (see Note 9). TPS has an agreement with NFC to lease a majority of the equipment purchased. NFC will be responsible for the monthly cost of the equipment as billed to TPS by the bank as well as any necessary maintenance and repairs. TPS also charges a small administrative fee. The net book value of the leased equipment on December 31, 2025 is $72,604.

Future minimum equipment rentals to be received under the lease are as follows:

For the Years Ending December 31,		
2026	$	29,641
2027		29,548
2028		29,448
2029		23,784
Total	$	112,421

Future rental income under the lease agreement will be approximately $16,000 per year plus utilities.

Total amounts to received and/or reimbursed by NFC were as follows:

Year Ended December 31,	2025	2024
Ingredients	$ 24,773	$ 23,313
Payroll, payroll taxes and benefits	26,699	30,005
Equipment rental	29,733	29,967
Facility including utilities	16,898	18,100
Contract labor	3,940	6,817
Shipping	2,177	4,060
Other - supplies, postage, insurance, etc.	3,483	3,055
Total	$ 107,703	$ 115,317

12. Neighborly Food / Related Party Transactions (continued)

As reported in the accompanying Statement of Activities

Year Ended December 31,	2025	2024
Reimbursement income	$ 61,072	$ 67,250
Facility rental income	16,898	18,100
Equipment rental income	29,733	29,967
Total	$ 107,703	$ 115,317

TPS has an accounts receivable balance totaling $201,383 and $113,180 from NFC on December 31, 2025 and 2024, respectively. There is a possibility that the full amount of the receivable may not be collected. As of the date of the financial statements this amount is unknown, but could be material.

13. Donations of Nonfinancial Assets

During the year ended December 31, 2025, the Organization received a donation of 40,000 pounds of rice. The donation was recorded using the estimated prices of exact or similar products and used in the Organization's programs.

14. Retirement Plan

The Organization has adopted a Simple IRA plan which covers all employees reasonably expected to earn more than $5,000 in a year. Employees can make a pre-tax salary contribution to the plan with an up to 3% Organization matching provision. Employer contributions to the plan were $13,232 and $11,355 for the years ended December 31, 2024 and 2023, respectively.

15. Going Concern Alleviation

In fiscal years 2022 through 2024, the Organization experienced significant operating losses and had a net deficiency in net assets at December 31, 2024, of $508,177. The onset of the Organization's financial difficulties stemmed from the COVID-19 pandemic, when individuals were told to shelter in place and social gatherings came to a halt. As the Organization's Feed the Funnel parties are people gathering to pack meals, this had a significant impact on the Organization's revenues. It took significant time after the pandemic for other to feel comfortable hosting Feed the Funnel Parties and for the Organization to rebuild its inventory of equipment and ability to host Feed the Funnel parties across the country. The Organization has continued to grow its revenues over the last several years, and meet its financial obligations without the need to incur additional debt or scale down operations. In addition, the Organization had a positive change in net assets in 2025 and is on track for the same in 2026.

As a result, the doubts about the Organization's ability to continue to as a going concern were alleviated at December 31, 2025.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

16. Liquidity and Funds Available

The Organization manages liquidity and reserves by operating within a prudent range of financial responsibility, and maintaining adequate liquidity to fund near-term operations by designating reserves sufficient to fund three months of operations to ensure that all long-term obligations will be met. The following reflects the Organization's financial assets, reduced by amounts not available for general use with one year because of contractual or donor-imposed restrictions or internal designations.

As of December 31,	2025	2024
Financial assets:		
Cash and cash equivalents	$ 138,657	$ 28,763
Accounts receivable	300,713	272,662
Total financial assets	439,370	301,425
Contractual or donor imposed restrictions	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 439,370	$ 301,425

17. Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the statements for the year ended December 31, 2025 through October 28, 2026, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.