Audited Financial Statements	December 31, 2025

SAFE HARBOUR, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Safe Harbour, Inc.
Carlisle, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Safe Harbour, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – income tax basis as of December 31, 2025 and 2024 and the related statements of support, revenue, expenses, and changes in net assets, and functional expenses all on the income tax basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Safe Harbour, Inc. as of December 31, 2025 and 2024, and its support, revenue, expenses, and changes in net assets for the years then ended in accordance with the income tax basis of accounting as described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting described in Note 1, and for determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Safe Harbour, Inc.'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 Safe Harbour, Inc.'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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2026, on our consideration of Safe Harbour, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of Safe Harbour, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Safe Harbour, Inc.'s internal control over financial reporting and compliance.

Smith Elliott Kearns & Company, LLC.

Camp Hill, Pennsylvania
May 19, 2026

SAFE HARBOUR, INC.
Statements of Assets, Liabilities, and Net Assets – Income Tax Basis
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 525,853	$ 517,173
Resident receivable	3,080	3,880
Prepaid gift cards	479	479
Total Current Assets	529,412	521,532
Assets Limited As To Use		
Tenant security deposits	23,340	25,745
Endowment fund	1,145,376	1,003,571
Total Assets Limited As To Use	1,168,716	1,029,316
Other Assets		
Property and equipment, net	1,467,440	1,483,416
Harbour Village LP investment	221,590	221,651
Total Other Assets	1,689,030	1,705,067
TOTAL ASSETS	$ 3,387,158	$ 3,255,915
LIABILITIES AND NET ASSETS		
Current Liabilities		
Tenant security deposits	$ 23,340	$ 25,745
Payroll taxes and garnishments	2,273	2,275
Total Current Liabilities	25,613	28,020
Net Assets		
Net assets without donor restriction		
Undesignated	2,216,169	2,224,324
Board designated, endowment	1,145,376	1,003,571
Total Net Assets	3,361,545	3,227,895
TOTAL LIABILITIES AND NET ASSETS	$ 3,387,158	$ 3,255,915

SAFE HARBOUR, INC.
Statements of Support, Revenue, Expenses, and Changes in Net Assets – Income Tax Basis
Years Ended December 31, 2025 and 2024

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTION		
REVENUES, GAINS AND OTHER SUPPORT		
Program fees/rents	$ 375,284	$ 258,484
Contributions	331,950	568,426
United Way	74,837	60,289
Grants	285,439	576,567
Net commercial rental income	17,162	19,047
Net investment income	77,515	66,805
Miscellaneous income	3,792	-
Unrealized gain on investments	39,311	48,487
Total Revenues, Gains, and Other Support	1,205,290	1,598,105
EXPENSES		
Program Services:		
Harbour Place	76,341	44,199
Permanent Housing	300	120
Wilson House	76,635	51,218
Emergency Shelter	609,970	654,292
Rapid Rehousing	850	850
Shelter Plus Care	3,487	2,546
Special Projects	15,745	11,861
Harbour House	25,243	10,854
Opportunity Homes	100,282	18,167
Total Program Services	908,853	794,107
Supporting Services:		
Management and general	40,454	36,595
General fundraising	122,333	111,178
Total Supporting Services	162,787	147,773
Total Expenses	1,071,640	941,880
Increase in net assets	133,650	656,225
NET ASSETS WITHOUT DONOR RESTRICTION - BEGINNING	3,227,895	2,571,670
NET ASSETS WITHOUT DONOR RESTRICTION - ENDING	$ 3,361,545	$ 3,227,895

SAFE HARBOUR, INC.
Statement of Functional Expenses – Income Tax Basis
Year Ended December 31, 2025

	Program Services									Supporting Services		
	Harbour Place	Permanent Housing	Wilson House	Emergency Shelter	Rapid Rehousing	Shelter Plus Care	Special Projects	Harbour House	Opportunity Homes	Management and General	Fundraising	Total
Salaries and wages	$ 35,444	$ -	$ 35,445	$ 284,725	$ -	$ -	$ -	$ -	$ -	$ 21,266	$ 67,136	$ 444,016
Staff benefits	7,703	-	7,703	61,881	-	-	-	-	-	4,622	14,591	96,500
Payroll taxes	2,711	-	2,711	21,783	-	-	-	-	-	1,627	5,136	33,968
Professional fees	-	-	-	28,855	-	-	10,420	-	510	-	-	39,785
Office expense	-	-	-	2,999	-	-	-	-	140	349	-	3,488
Supplies	-	-	1,418	15,680	-	-	-	660	2,759	635	-	21,152
Telephone	1,602	-	1,171	8,587	-	-	-	-	-	-	-	11,360
Postage	-	-	-	2,515	-	-	-	-	192	-	-	2,707
Property tax	-	-	-	-	-	-	-	-	9,699	-	-	9,699
Maintenance and repairs	10,629	-	196	12,485	-	1,531	-	4,283	15,944	-	11,386	56,454
Utilities	10,083	-	10,510	77,671	-	-	-	5,369	16,062	3,702	-	123,397
Outside services	2,517	300	3,183	31,228	-	-	5,325	63	19,289	3,847	-	65,752
Travel	-	-	-	4,481	-	-	-	-	-	-	-	4,481
Insurance	-	-	-	21,546	-	-	-	2,948	29,728	1,677	-	55,899
Depreciation	5,652	-	14,298	14,700	850	1,956	-	11,920	5,959	2,729	-	58,064
Permits, licenses, & fees	-	-	-	631	-	-	-	-	-	-	-	631
Dues and subscriptions	-	-	-	5,218	-	-	-	-	-	-	-	5,218
Training	-	-	-	1,568	-	-	-	-	-	-	-	1,568
Resident program education	-	-	-	3,910	-	-	-	-	-	-	-	3,910
Miscellaneous	-	-	-	9,507	-	-	-	-	-	-	-	9,507
Fundraising	-	-	-	-	-	-	-	-	-	-	24,084	24,084
	$ 76,341	$ 300	$ 76,635	$ 609,970	$ 850	$ 3,487	$ 15,745	$ 25,243	$ 100,282	$ 40,454	$ 122,333	$ 1,071,640

SAFE HARBOUR, INC.
Statement of Functional Expenses – Income Tax Basis
Year Ended December 31, 2024

	Program Services									Supporting Services		
	Harbour Place	Permanent Housing	Wilson House	Emergency Shelter	Rapid Rehousing	Shelter Plus Care	Special Projects	Harbour House	Opportunity Homes	Management and General	Fundraising	Total
Salaries and wages	$ 19,656	$ -	$ 19,656	$ 342,020	$ -	$ -	$ -	$ -	$ -	$ 11,794	$ 58,264	$ 451,390
Staff benefits	4,239	-	4,239	73,761	-	-	-	-	-	2,543	12,565	97,347
Payroll taxes	1,504	-	1,504	26,165	-	-	-	-	-	902	4,457	34,532
Professional fees	-	-	-	30,928	-	-	8,423	87	39	-	-	39,477
Office expense	-	-	-	1,859	-	-	-	-	260	235	-	2,354
Supplies	-	-	-	6,129	-	-	-	-	-	190	-	6,319
Telephone	1,507	-	1,102	8,399	-	-	-	-	-	-	-	11,008
Postage	-	-	-	1,902	-	-	-	-	182	-	-	2,084
Property tax	-	-	-	-	-	-	-	-	7,910	-	-	7,910
Maintenance and repairs	448	-	-	13,942	-	-	-	742	5,703	-	9,145	29,980
Utilities	9,813	-	9,230	59,119	-	-	-	2,847	481	2,520	-	84,010
Outside services	1,380	120	1,139	29,486	-	710	3,438	934	2,366	11,125	-	50,698
Travel	-	-	-	3,893	-	-	-	-	-	-	-	3,893
Insurance	-	-	-	19,102	-	-	-	4,258	-	722	-	24,082
Depreciation	5,652	-	14,298	15,661	850	1,836	-	1,986	1,226	6,446	-	47,955
Permits, licenses, & fees	-	-	-	696	-	-	-	-	-	-	-	696
Interest	-	-	-	-	-	-	-	-	-	118	-	118
Dues and subscriptions	-	-	-	4,428	-	-	-	-	-	-	-	4,428
Training	-	-	-	3,563	-	-	-	-	-	-	-	3,563
Rent Expense	-	-	50	-	-	-	-	-	-	-	-	50
Resident program education	-	-	-	2,210	-	-	-	-	-	-	-	2,210
Miscellaneous	-	-	-	9,593	-	-	-	-	-	-	-	9,593
Fundraising	-	-	-	-	-	-	-	-	-	-	26,747	26,747
Bad debts	-	-	-	1,436	-	-	-	-	-	-	-	1,436
	$ 44,199	$ 120	$ 51,218	$ 654,292	$ 850	$ 2,546	$ 11,861	$ 10,854	$ 18,167	$ 36,595	$ 111,178	$ 941,880

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Safe Harbour, Inc. (the Organization) is incorporated under Pennsylvania law as a nonprofit corporation. Located in Carlisle, Pennsylvania, the Organization provides shelter and supportive services for homeless individuals and families through short- and long-term emergency shelter; a Rapid Re-Housing Program; permanent housing, known as Harbour Place, Harbour House, Opportunity Homes and Wilson House Apartments; and a Shelter Plus Care Program for permanent housing. HUD Section 8 housing assistance is accepted for the permanent housing programs.

Basis of Accounting

The accounts are maintained, and the financial statements are presented, on the income tax basis. Therefore, receivables, payables, and accrued income and expense, which may be material in amount, are not reflected on the income tax basis statements. Consequently, these statements are not intended to present the overall financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its statement of assets, liabilities, and net assets, and statement of support, revenue, expenses, and changes in net assets according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. A description of the two net asset categories follows:

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time and net assets subject to donor-imposed restrictions that are to be maintained permanently by the Organization. There were no net assets with donor restrictions as of December 31, 2025 and 2024.

Cash and cash equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with an original maturity date of three months or less as a cash equivalent.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use includes tenant security deposits and board-designated investments. The investments are held within the Organization's endowment fund and can be designated by the Board for various uses, as long as the requirements set forth in the Investment Policy, as described in Note 8, are followed.

Investments

Investments in debt and equity securities with readily determinable market values are reported at fair market value. Unrealized gains and losses are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restriction unless their use is restricted by donor stipulation or by law.

Market Risks

The Organization invests in various investment securities, which are exposed to various risks, such as interest rate, market, currency, and credit risks. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. 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 be material.

Revenue and Support

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction support depending on the existence and/or nature of any donor restrictions. Grants and other contributions of cash and other assets are reported as net assets with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, or when the stipulated time restriction that the donor placed on the asset ends or purpose restriction is accomplished, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the statements of support, revenue, expenses, and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restriction contributions.

Donated Services and Materials

A significant amount of volunteer time and non-cash items are donated to the Organization throughout the year. For the years ended December 31, 2025 and 2024, non-cash donations were valued at $ 71,567 and $ 138,848, respectively. This balance is comprised of food, miscellaneous supplies, and Christmas gifts. This amount is not recognized as contributions in the financial statements under the income tax basis of accounting. In addition, volunteer time is not valued for income tax basis reporting purposes.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the Organization's programs and activities have been summarized on a functional basis in the statements of support, revenue, expenses, and changes in net assets – income tax basis, and in the statements of functional expenses – income tax basis, based on management's estimate of the time and expense spent for each of the functions. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax

The Organization has elected under provisions of the Internal Revenue Code Section 501(c)(3), and under the laws of the Commonwealth of Pennsylvania to be exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization is not deemed to be a private foundation by the Internal Revenue Service.

The Organization follows the income tax basis of accounting, which provides guidance on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The Organization's policy is to recognize interest and penalties on unrecognized tax matters in income tax expense in the financial statements. The Organization's tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

Impairment of Long-Lived Assets

The Organization evaluates all long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable. Recoverability is evaluated by comparing the undiscounted future net cash flows resulting from the use of the asset and its eventual disposition to the carrying value of an asset. When the undiscounted future cash flows are less than the carrying value, impairment is deemed present. No indicators of impairment were identified as of December 31, 2025 and 2024.

Property and Equipment

Property and equipment are stated at cost. Purchases in excess of $ 1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. The estimated useful lives of the major components of property and equipment are five to forty years.

NOTE 2 PROPERTY AND EQUIPMENT

Depreciation expense for the years ended December 31, 2025 and 2024 was $ 61,120 and $ 50,479, respectively. The amount allocated to net commercial rental income was $ 3,056 and $ 2,524 for the years ended December 31, 2025 and 2024, respectively.

Property and equipment consist of the following at December 31:

	2025	2024
Land	$ 126,070	$ 126,070
Buildings	1,226,590	1,226,590
Improvements	1,120,183	1,075,039
Fixtures and equipment	251,405	251,405
Vehicles	21,958	21,958
	2,746,206	2,701,062
Less: Accumulated depreciation	1,278,766	1,217,646
Net property and equipment	$ 1,467,440	$ 1,483,416

NOTE 3 INVESTMENTS

The composition of investments in the Organization's investment portfolio at December 31, 2025 and 2024 is set forth in the following schedule:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Board-designated investments (endowment fund)				
Money Market Funds	$ 75,747	$ 75,747	$ 53,788	$ 53,788
Mutual Funds - Fixed income	379,835	376,800	369,034	355,146
Mutual Funds - Equities	572,180	692,829	502,447	594,637
	$ 1,027,762	$ 1,145,376	$ 925,269	$ 1,003,571

NOTE 4 GRANTS

Grant revenue consisted of the following during the year ended December 31:

	2025	2024
Emergency Shelter - HAP Grant	$ 50,750	$ 47,413
Emergency Shelter - ESG	58,222	72,366
Emergency Shelter - Spark Good Local Grant	-	2,000
Emergency Shelter - M & T Charitable Foundation	10,000	3,000
Emergency Shelter - Thrivent Charity	457	400
Emergency Shelter - Kline Foundation	5,000	5,000
Emergency Shelter - CDBG	54,062	55,690
Harbour House - CDBG	-	326,000
Emergency Shelter - PayPal Giving Fund	-	148
Emergency Shelter - EFSP	1,600	15,000
Emergency Shelter - Community Aid	4,000	35,000
Emergency Shelter - Servants Heart Family Foundation	5,000	5,000
Emergency Shelter - Borough of Carlisle	1,200	1,500
Emergency Shelter - Partnership for Better Health	46,800	2,300
Emergency Shelter - Kiwanis Foundation	1,000	750
Emergency Shelter - Central PA Porsche Club of America	4,500	5,000
Opportunity Homes - Affordable Housing Trust Fund grant	38,848	-
Emergency Shelter - Walmart	1,000	-
Emergency Shelter - PPL Foundation	1,000	-
Emergency Shelter - Greater Harrisburg Realtors Foundation	2,000	-
Total grant revenue	$ 285,439	$ 576,567

NOTE 5 FUNDRAISING

The Organization conducted several fundraising activities during the years. Support received from these efforts for the years ended December 31, 2025 and 2024 was $ 62,603 and $ 59,102, respectively, and is included in contribution income on the financial statements. Total direct costs of fundraising activities for the years ended December 31, 2025 and 2024 were $ 24,084 and $ 26,747, respectively.

NOTE 6 LINE OF CREDIT

The Organization has an unsecured line of credit for $ 200,000 with F & M Trust. The line of credit is due on demand and bears interest at the prime rate. The Organization had no draws on this line of credit at December 31, 2025 and 2024.

NOTE 7 LEASES

The Organization leases a portion of the Bridge Housing property to commercial tenants on an annual basis with monthly rental payments. Rental income from the commercial properties was $ 31,200 and $ 28,930, respectively, and related rental expenses were $ 14,038 and $ 9,883, respectively, for the years ended December 31, 2025 and 2024.

NOTE 8 ENDOWMENTS

The Organization's endowment was established to accumulate a pool of assets sufficient to build capital for future projects and support current operating needs. The Organization's endowment consists of board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act of 2006. Guidance for the administration of endowment funds in Pennsylvania is provided in Act 141, which was passed by the Pennsylvania legislature in 1998. Under Act 141, Pennsylvania not-for-profit organizations are permitted to elect an annual amount that may be used from their endowment funds based on an annual spending rate between 2% and 7%. Act 141 permits the spending of accumulated principal and income from an endowment fund if the amount withdrawn is less than or equal to the annually elected percentage. The Organization's interpretation of Act 141 classifies all interest income, dividends, and capital appreciation earned by board-designated endowment fund investments as net assets without donor restriction activity. As a result of this interpretation, Safe Harbour, Inc. classifies as net assets without donor restriction – board designated net assets, at the original value of gifts donated to the endowment and all earnings thereon.

The Organization considers several factors when making a determination to appropriate or accumulate board-designated endowment funds. These factors include the duration and preservation of the fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources available and the investment policy of the Organization.

The Organization has also adopted an investment policy and strategies to achieve the greatest return possible for the amount of risk assumed by the Endowment. Under this policy, assets are invested in a manner intended to produce results that exceed the spending rate plus inflation, as measured by the Consumer Price Index. Actual returns in any year may vary from these goals.

To satisfy the long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Endowment targets a diversified asset allocation that places a greater emphasis on equity and debt-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's investment policy includes specific guidance on the maximum amounts that may be withdrawn from the endowment each year. Each year the Finance Committee can recommend to the Board of Directors, a spending rate for the upcoming year, based upon the budget, not to exceed 5% of the principal value of the Endowment. This approach is consistent with the provisions of Act 141. In the event that additional funds are needed to cover the cost of operations, distributions greater than 5% of the principal value of the Endowment may be authorized by the Board of Directors.

NOTE 8 ENDOWMENTS (CONTINUED)

Endowment net assets consisted of the following as of December 31:

	2025	2024
Board designated endowment funds	$ 1,145,376	$ 1,003,571

The changes in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

	Unrestricted
Endowment net assets at January 1, 2024	$ 928,182
Contributions	36,600
Investment return:	
Investment income	62,529
Unrealized appreciation	48,487
Total investment return	111,016
Appropriation of endowment assets for expenditure	(72,227)
Endowment net assets at December 31, 2024	1,003,571
Contributions	35,885
Investment return:	
Investment income	74,351
Unrealized appreciation	39,311
Total investment return	113,662
Appropriation of endowment assets for expenditure	(7,742)
Endowment net assets at December 31, 2025	$ 1,145,376

NOTE 9 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuations techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices available in active markets for identical assets or liabilities that the organization can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive
- markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3: Inputs that are unobservable inputs for the asset or liability

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Money Market

Carrying value approximates market because of the short-term nature of these investments.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of the assets measured on a recurring basis as of December 31, 2025 and 2024 are as follows:

At December 31, 2025	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 75,747	$ 75,747	$ -	$ -
Fixed income mutual funds:				
Intermediate term bond fund	144,853	144,853	-	-
Long term bond fund	122,453	122,453	-	-
Short term bond fund	109,494	109,494	-	-
Total fixed income mutual funds	376,800	376,800	-	-
Equity mutual funds:				
Large cap fund	324,883	324,883	-	-
Mid cap fund	125,612	125,612	-	-
Small cap fund	107,349	107,349	-	-
Foreign large cap fund	134,985	134,985	-	-
Total equity mutual funds	692,829	692,829	-	-
	$ 1,145,376	$ 1,145,376	$ -	$ -

At December 31, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 53,788	$ 53,788	$ -	$ -
Fixed income mutual funds:				
Intermediate term bond fund	151,210	151,210	-	-
Long term bond fund	110,477	110,477	-	-
Short term bond fund	93,459	93,459	-	-
Total fixed income mutual funds	355,146	355,146	-	-
Equity mutual funds:				
Large cap fund	307,764	307,764	-	-
Mid cap fund	106,202	106,202	-	-
Small cap fund	117,352	117,352	-	-
Foreign large cap fund	63,319	63,319	-	-
Total equity mutual funds	594,637	594,637	-	-
	$ 1,003,571	$ 1,003,571	$ -	$ -

NOTE 10 CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

For the years ended December 31, 2025 and 2024, 57% and 75%, respectively, of the Organization's total revenue was from contributions and grants. A reduction in this funding could have a significant negative impact on the Organization.

The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limit. Interest and noninterest bearing deposits with financial institutions in aggregate are insured by the Federal Deposit Insurance Corporation (FDIC) up to $ 250,000. The Organization has not historically experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk.

NOTE 11 INVESTMENT IN HARBOUR VILLAGE

On June 4, 2020, the Organization signed an Agreement of Sale with Smith Farm Partners, LLC to purchase approximately 5 acres of undeveloped land for $ 175,000 per acre but not to exceed a maximum of $ 875,000. An earnest money deposit in the amount of $ 25,000 was paid in each of the years ended June 30, 2020, and 2021 and is included on the statement of assets, liabilities, and net assets – income tax basis as Harbour Village Investment. The earnest money deposit will be credited against the purchase price at closing. On June 23, 2023, Harbour Village LP purchased the land from Smith Farm Partners, LLC.

On November 15, 2021, Safe Harbour, Inc. entered into a limited partnership, Harbour Village LP, to construct, renovate, rehabilitate, and operate an affordable housing apartment complex. Safe Harbour, Inc. is the limited partner and owns 100% of the general partner. On June 23, 2023 the partnership agreement was amended and restated, and Orrstown Bank replaced Safe Harbour, Inc. as the Limited Partner.

Harbour Village LP was awarded Federal Low Income Housing Tax Credits not to exceed $ 1,250,000 through the Pennsylvania Housing Finance Agency for the development of this project.

At December 31, 2025 and 2024, Safe Harbour, Inc. has a .01% interest as general partner in Harbour Village LP. Safe Harbour, Inc. is the controlling general partner. During the years ended December 31, 2025 and 2024 a loss of $ 61 and $ 0, respectively, was recognized on the interest in Harbour Village LP.

NOTE 12 OPPORTUNITY HOMES PROJECT

On September 26, 2024 and October 15, 2024 Carlisle Opportunity Homes Inc. donated a total of 21 properties, which includes 27 units available to low-income households, to the Organization. Those units that were already rented maintained their tenants. Vacant units will be repaired as needed and made available to low-income households. The Organization was required to pay settlement costs related to the transfer of this property. The net book value of these properties at the time of donation was $ 184,927 and is included as a donation on the statements of support, revenue, expenses and changes in net assets – income tax basis.

In addition to the homes, Carlisle Opportunity Homes Inc. donated $ 52,554 in cash to the Organization which will be used to fund the needed repairs.

NOTE 13 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statements of assets, liabilities, and net assets date for general expenditures are as follows:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	$ 525,853	$ 517,173
Resident receivable	3,080	3,880
Endowment fund	1,145,376	1,003,571
Total financial assets	1,674,309	1,524,624
Less restricted amounts		
Board designated endowment fund	(1,145,376)	(1,003,571)
Plus yearly allocations from endowments		
Endowment spending-rate distributions and appropriations	57,269	50,179
	$ 586,202	$ 571,232

The Organization's board designated endowment of $ 1,145,376 and $ 1,003,571 at December 31, 2025 and 2024, respectively, is subject to an annual spending rate of 5% as described in Note 8. Although the Organization does not intend to spend this board-designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As more fully described in Note 6, the Organization has a line of credit in the amount of $ 200,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to December 31, 2025 through May 19, 2026, the date these financial statements were available to be issued. Management has not identified any events requiring recognition or disclosure in the financial statements.

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

Board of Directors
Safe Harbour, Inc.
Carlisle, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Safe Harbour, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - income tax basis as of December 31, 2025, and the related statements of support, revenue, expenses, and changes in net assets and functional expenses all on an income tax basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2026.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Smith Elliott Kearns & Company, LLC.

Camp Hill, Pennsylvania
May 19, 2026