

FAMILY & CHILDREN'S PLACE, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors
Family & Children's Place, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Family & Children's Place, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family & Children's Place, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family & Children's Place, 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 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 Family & Children's Place, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Family & Children's Place, 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 Family & Children's Place, 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.

Deming, Malone, Leisner & Ostroff

Louisville, Kentucky
November 11, 2025

FAMILY & CHILDREN'S PLACE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current Assets		
Cash and cash equivalents	\$ 63,216	\$ 29,371
Cash - unemployment reserve	52,288	63,502
Investments	2,131,023	1,953,670
Accounts receivable, net	870,711	858,969
Contributions receivable, net	402,909	517,797
Prepaid expenses and other current assets	<u>45,130</u>	<u>86,158</u>
Total current assets	<u>3,565,277</u>	<u>3,509,467</u>
Property and Equipment		
Land	798,646	798,646
Buildings and improvements	6,343,291	6,322,559
Leasehold improvements		34,969
Furniture and equipment	<u>1,031,256</u>	<u>1,261,802</u>
	8,173,193	8,417,976
Less accumulated depreciation	<u>2,706,341</u>	<u>2,696,162</u>
	<u>5,466,852</u>	<u>5,721,814</u>
Other Assets		
Contributions receivable, net	91,269	66,013
Beneficial interest in assets held by others	25,483	24,206
Investment in partnership	41,431	40,969
Cash value of life insurance	48,858	48,858
Operating lease right-of-use assets		68,515
	<u>207,041</u>	<u>248,561</u>
Total assets	<u>\$ 9,239,170</u>	<u>\$ 9,479,842</u>

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

Liabilities and Net Assets	2025	2024
Current Liabilities		
Checks issued in excess of cash on deposit		\$ 73,166
Line of credit	\$ 520,169	767,136
Current maturities of note payable	62,454	59,403
Current maturities of operating leases		47,622
Accounts payable	46,879	287,836
Accrued expenses and other current liabilities	316,792	191,171
Deferred revenue	403,900	74,970
Total current liabilities	1,350,194	1,501,304
Long-Term Liabilities		
Note payable, net	2,362,240	2,423,240
Operating lease liabilities, less current maturities		20,893
Accrued pension cost	645,290	226,414
	3,007,530	2,670,547
Total liabilities	4,357,724	4,171,851
Net Assets		
Without donor restrictions	2,735,282	3,011,602
With donor restrictions	2,146,164	2,296,389
	4,881,446	5,307,991
Total liabilities and net assets	\$ 9,239,170	\$ 9,479,842

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Service revenues and other contracts	\$ 3,346,638		\$ 3,346,638	\$ 2,612,543		\$ 2,612,543
Federal financial assistance	8,196,384		8,196,384	9,591,850		9,591,850
Contributions and grants	538,067	\$ 554,056	1,092,123	125,235	\$ 1,251,558	1,376,793
In-kind contributions	62,691		62,691	41,200		41,200
Rental and other income	207,544		207,544	211,300		211,300
Net investment return	49,684	211,779	261,463	53,216	159,262	212,478
Change in beneficial interest		1,277	1,277		448	448
Loss on disposal of property and equipment	(64,637)		(64,637)			
	12,336,371	767,112	13,103,483	12,635,344	1,411,268	14,046,612
Net assets released from restrictions:						
Time restrictions	578,213	(578,213)		503,409	(503,409)	
Purpose restrictions	339,124	(339,124)		325,637	(325,637)	
	917,337	(917,337)		829,046	(829,046)	
Total revenues and other support	13,253,708	(150,225)	13,103,483	13,464,390	582,222	14,046,612
Expenses						
Program services:						
Child and family services	624,667		624,667	1,026,863		1,026,863
Kosair for Kids Child Advocacy Center	1,756,839		1,756,839	1,637,155		1,637,155
HANDS	2,116,511		2,116,511	1,874,986		1,874,986
School based services	551,138		551,138	832,082		832,082
Head Start	6,438,139		6,438,139	6,664,374		6,664,374
Total program services	11,487,294		11,487,294	12,035,460		12,035,460
Supporting services:						
Management and general	1,000,542		1,000,542	1,328,125		1,328,125
Fund-raising	673,064		673,064	668,709		668,709
Total expenses	13,160,900		13,160,900	14,032,294		14,032,294
Change in net assets before certain pension related changes	92,808	(150,225)	(57,417)	(567,904)	582,222	14,318
Other components of net periodic benefit cost	(31,251)		(31,251)	9,940		9,940
Pension related changes other than net periodic benefit cost	(337,877)		(337,877)	(676,908)		(676,908)
Change in net assets	(276,320)	(150,225)	(426,545)	(1,234,872)	582,222	(652,650)
Net assets, beginning of year	3,011,602	2,296,389	5,307,991	4,246,474	1,714,167	5,960,641
Net assets, end of year	\$ 2,735,282	\$ 2,146,164	\$ 4,881,446	\$ 3,011,602	\$ 2,296,389	\$ 5,307,991

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	2025								
	Program Services					Supporting Services			
	Child and Family Services	Kosair for Kids Child Advocacy Center	HANDS	School Based Services	Head Start	Total Program Services	Management and General	Fund-raising	Total Expenses
Salaries and Employee Benefits									
Salaries	\$ 279,881	\$ 944,169	\$ 1,240,500	\$ 240,194	\$ 783,898	\$ 3,488,642	\$ 175,729	\$ 412,515	\$ 4,076,886
Health insurance	16,620	56,952	83,106	12,964	68,202	237,844	8,946	38,128	284,918
Retirement	6,360	20,693	26,922	5,361	16,624	75,960	3,586	10,076	89,622
Other benefits	4,035	9,570	12,101	2,717	7,784	36,207	4,600	4,102	44,909
Payroll taxes	21,339	69,428	91,689	18,137	57,779	258,372	12,660	29,697	300,729
Total salaries and employee benefits	328,235	1,100,812	1,454,318	279,373	934,287	4,097,025	205,521	494,518	4,797,064
Professional fees	146,578	264,138	433,644	125,428	5,084,452	6,054,240	511,247	30,817	6,596,304
Office supplies and expense	4,948	43,293	11,264	4,999	14,544	79,048	5,624	4,834	89,506
Telecommunications	7,457	13,941	19,403	3,191	20,978	64,970	3,379	4,147	72,496
Postage	213	781	318	65	79	1,456	427	1,735	3,618
Occupancy	38,765	116,451	21,943	9,102	21,730	207,991	48,620	8,400	265,011
Printing	604	5,418	4,334	960	4,346	15,662	1,398	17,771	34,831
Local travel	2,967	5,464	30,715	11,666	7,990	58,802	1,152	426	60,380
Conferences and staff development	2,334	43,161	8,592	29,541	45,799	129,427	2,160	840	132,427
Memberships and dues	1,341	4,288	11,599	1,275	5,259	23,762	3,122	2,141	29,025
Public relations	22	257	528	1,984	20,630	23,421	171	18,300	41,892
Other expenses	14,298	71,830	59,819	58,402	260,306	464,655	61,319	72,945	598,919
Interest	12,570	21,549	19,753	12,570	12,570	79,012	98,296	3,592	180,900
Depreciation and amortization	64,335	65,456	40,281	12,582	5,169	187,823	58,106	12,598	258,527
Total expenses	\$ 624,667	\$ 1,756,839	\$ 2,116,511	\$ 551,138	\$ 6,438,139	\$ 11,487,294	\$ 1,000,542	\$ 673,064	\$ 13,160,900

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	2024								
	Program Services					Supporting Services			
	Child and Family Services	Kosair for Kids Child Advocacy Center	HANDS	School Based Services	Head Start	Total Program Services	Management and General	Fund-raising	Total Expenses
Salaries and Employee Benefits									
Salaries	\$ 524,196	\$ 746,856	\$ 943,554	\$ 315,002	\$ 587,453	\$ 3,117,061	\$ 138,305	\$ 381,189	\$ 3,636,555
Health insurance	33,297	61,389	49,690	17,977	49,011	211,364	4,834	35,341	251,539
Retirement	12,483	16,202	21,583	6,831	13,344	70,443	3,379	9,026	82,848
Other benefits	3,892	2,577	3,368	3,306	2,878	16,021	2,746	4,086	22,853
Payroll taxes	38,701	55,828	71,457	23,502	43,810	233,298	10,443	28,345	272,086
Total salaries and employee benefits	<u>612,569</u>	<u>882,852</u>	<u>1,089,652</u>	<u>366,618</u>	<u>696,496</u>	<u>3,648,187</u>	<u>159,707</u>	<u>457,987</u>	<u>4,265,881</u>
Professional fees	202,849	343,028	452,629	225,133	5,578,960	6,802,599	839,362	47,489	7,689,450
Office supplies and expense	10,203	38,566	10,380	2,117	10,220	71,486	39,564	6,344	117,394
Telecommunications	12,763	14,562	16,969	4,145	19,162	67,601	4,072	4,643	76,316
Postage	341	767	337	138	393	1,976	446	1,747	4,169
Occupancy	75,385	121,210	33,478	11,893	16,283	258,249	48,060	9,511	315,820
Printing	729	6,145	3,078	983	22,608	33,543	1,570	21,824	56,937
Local travel	4,674	11,056	23,702	111,478	8,371	159,281	1,184	132	160,597
Conferences and staff development	4,486	51,820	8,110	17,988	43,169	125,573	1,310	1,217	128,100
Memberships and dues	1,311	6,318	1,484	833	4,841	14,787	4,007	2,289	21,083
Public relations		9,555	37,521		36,319	83,395		12,071	95,466
Other expenses	15,124	53,347	129,977	62,321	207,425	468,194	58,189	85,243	611,626
Interest	14,330	24,567	22,520	14,330	14,330	90,077	105,490	4,095	199,662
Depreciation and amortization	72,099	73,362	45,149	14,105	5,797	210,512	65,164	14,117	289,793
Total expenses	<u>\$ 1,026,863</u>	<u>\$ 1,637,155</u>	<u>\$ 1,874,986</u>	<u>\$ 832,082</u>	<u>\$ 6,664,374</u>	<u>\$ 12,035,460</u>	<u>\$ 1,328,125</u>	<u>\$ 668,709</u>	<u>\$ 14,032,294</u>

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash received for services	\$ 2,980,357	\$ 2,705,886
Federal financial assistance received	8,879,853	9,494,331
Contributions and grants received	1,181,755	1,158,426
Rental and other income received	207,544	211,300
Investment income received	57,619	45,924
Cash paid to suppliers and employees	(12,753,817)	(13,152,277)
Interest paid	(182,142)	(197,723)
Net cash provided by operating activities	371,169	265,867
Cash Flows from Investing Activities		
Proceeds from sale of investments	4,854,263	1,084,070
Purchases of investments	(4,828,234)	(1,031,302)
Purchases of property and equipment	(68,202)	(168,801)
Net cash used in investing activities	(42,173)	(116,033)
Cash Flows from Financing Activities		
Principal payments on notes payable	(59,398)	(56,166)
Net payments on line of credit	(246,967)	(78,316)
Net cash used in by financing activities	(306,365)	(134,482)
Net change in cash and cash equivalents	22,631	15,352
Cash and cash equivalents, beginning of year	92,873	77,521
Cash and cash equivalents, end of year	\$ 115,504	\$ 92,873

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities		
Change in net assets	\$ (426,545)	\$ (652,650)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	258,527	289,793
Debt issuance cost amortization	1,449	1,160
Change in allowance accounts	(23,341)	13,695
Change in discount on contributions receivable	13,648	(1,154)
Net realized and unrealized gains on investments	(203,382)	(177,875)
Change in beneficial interest	(1,277)	(448)
Equity in (earnings) loss from investment	(462)	11,321
Pension adjustment	434,128	721,968
Loss on disposal of property and equipment	64,637	
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	4,993	(34,555)
Contributions receivable	82,590	(214,173)
Prepaid expenses and other current assets	41,028	68,152
Increase (decrease) in:		
Checks issued in excess of cash on deposit	(73,166)	(55,667)
Accounts payable	(240,957)	254,424
Accrued expenses and other current liabilities	125,621	28,232
Deferred revenue	328,930	13,644
Accrued pension cost	(15,252)	
Total adjustments	797,714	918,517
Net cash provided by operating activities	\$ 371,169	\$ 265,867

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Organization and Summary of Significant Accounting Policies

Description of organization:

Family & Children's Place, Inc. (Organization), a nonprofit organization, provides counseling, education, child welfare services and other support services that strengthen and support family life. Programs consist of Child and Family Services, Kosair for Kids Child Advocacy Center, HANDS (Health Access Nurturing Development Services), School Based Services, and Head Start. Services are provided principally throughout the Metro Louisville area and surrounding counties of Kentucky and Southern Indiana. The Organization is supported primarily through fees for services, donor contributions and grants, and government grants and contracts.

Summary of significant accounting policies:

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTES TO FINANCIAL STATEMENTS

Contributions:

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, 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.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods are recorded at fair value in the period received. Donated services that require specific expertise and would normally have been purchased, and donated services that create or enhance nonfinancial assets are recorded at fair value. Those donated services that do not meet these specific criteria are not reflected in the financial statements.

Revenue recognition – FASB ASC 606:

Contract revenue, as defined under ASC 606, is derived primarily from providing medical evaluations, counseling and other services under fee for service and fixed fee agreements. Revenue is recognized at a point in time when the services are rendered. Revenues are reported at the estimated net realizable amounts for services rendered. Transaction prices vary according to the type and volume of service rendered. The transaction prices for services rendered to individuals covered under Medicaid are based on established billing rates set by that agency. The transaction prices for other services are based on various established contracted rates. Amounts are generally billed on a weekly or monthly basis as services are rendered.

Contract revenue is included in service revenues and other contracts on the statements of activities. Approximately 1% and 4% of these revenues are derived under contracts, as defined under ASC 606, for the years ended June 30, 2025 and 2024, respectively. The Organization has determined the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy, stability of the government and general public support.

A portion of the Organization's accounts receivable may be due under contracts, as defined by ASC 606. The opening balances of all accounts receivables for the years ended June 30, 2025 and 2024 were \$858,969 and \$841,149, respectively. As of June 30, 2025, none of the accounts receivable balance related to contracts, as defined by ASC 606.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less, excluding amounts held as part of an investment portfolio, to be cash equivalents.

The following provides a reconciliation of cash and cash equivalents reported on the statements of financial position to the amount reported on the statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 63,216	\$ 29,371
Cash – unemployment reserve	<u>52,288</u>	<u>63,502</u>
	<u>\$115,504</u>	<u>\$ 92,873</u>

Accounts receivable:

Accounts receivable are reported on the statements of financial position at historical value adjusted for the allowance for current expected credit losses. Accounts receivable are written off in the period in which they are deemed to be uncollectible. The allowance reflects management’s best estimate of probable losses determined on the basis of historical collection experience, known troubled accounts and expectations of current and future economic conditions. At June 30, 2025, there was no allowance for credit losses. At June 30, 2024, the allowance for credit losses was \$16,735.

Changes in the allowance for credit losses for accounts receivable for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$16,735	
Provisions		\$16,735
Write offs	<u>(16,735)</u>	<u> </u>
Balance, end of year	<u>\$ </u>	<u>\$16,735</u>

At June 30, 2025, approximately 88% of accounts receivable were due from three agencies. At June 30, 2024, approximately 72% of accounts receivable were due from two agencies.

NOTES TO FINANCIAL STATEMENTS

Contributions receivable:

The valuation of contributions receivable is based upon a detailed analysis of past due accounts and the history of uncollectible accounts. The Organization periodically reviews doubtful contributions receivable to determine if write-offs are necessary. The allowance for doubtful accounts was \$2,394 and \$9,000 at June 30, 2025 and 2024, respectively.

Investments:

Investments are recorded at fair value. Donated investments are recorded at their fair value as of the date received. Net investment return is reported on the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, equity in earnings from investment in partnership, less external direct investment expenses of \$11,867 and \$9,211 for the years ended June 30, 2025 and 2024, respectively. See Note 7 for discussion of fair value measurements.

Property and equipment:

Property and equipment are recorded at cost, if purchased, or at fair value as of the date of donation, if donated. The Organization's policy is to capitalize asset purchases exceeding \$2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the lesser of the related lease period or estimated useful life.

Deferred revenue:

Deferred revenue represents amounts received in advance under various grants.

In-kind contributions:

The Organization received the following in-kind contributions for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Supplies and other items	<u>\$62,691</u>	<u>\$41,200</u>

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. Estimated fair value is determined based on information provided by the donor regarding the value of goods and services received. The Organization did not monetize any in-kind contributions for the years ended June 30, 2025 and 2024. In-kind contributions were used to support general programming during the years ended June 30, 2025 and 2024. There were no donor restrictions on in-kind contributions for the years ended June 30, 2025 and 2024.

NOTES TO FINANCIAL STATEMENTS

Compensated absences:

Employees of the Organization are entitled to paid leave, including vacation, sick and short-term disability. It is impracticable to estimate the amount of compensation for future sick and short-term disability absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of these compensated absences when actually paid to employees.

Income taxes:

The Organization is exempt from federal, state and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction. However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. Accordingly, the Organization also files an exempt organization business income tax return.

As of June 30, 2025 and 2024, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Leases:

The Organization evaluates its contracts at inception to determine if an arrangement is or contains a lease. Operating leases with a duration longer than 12 months and finance leases are recorded as lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Short-term leases (i.e. leases with an initial term of 12 months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the statements of financial position. The Organization has no finance leases.

Lease ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The Organization uses the incremental borrowing rate as of commencement date in determining present value of lease payments. Lease ROU assets also include initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease and non-lease components are treated as a single lease component.

Functional allocation of expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are allocated on a square footage basis or on the basis of estimates of time and effort.

NOTES TO FINANCIAL STATEMENTS

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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 those estimates.

Subsequent events:

Subsequent events have been evaluated through November 11, 2025, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the June 30, 2025 and 2024 statements of financial position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 58,237	\$ 26,325
Accounts receivable	870,711	858,969
Contributions receivable	402,909	517,797
Investments	25,000	
Estimated endowment spending-rate distributions		94,210
Less funds with donor restrictions	<u>(567,075)</u>	<u>(431,848)</u>
	<u>\$ 789,782</u>	<u>\$1,065,453</u>

The Organization's endowment fund consists of donor-restricted endowments and funds designated by the Board of Directors to function as endowments. Endowment funds are subject to an annual spending rate as described in Note 8. Board designated endowment funds in excess of estimated spending-rate distributions of \$793,216 could be made available for general expenditure if necessary. The Organization also has a \$1,000,000 line of credit which could be drawn on for general expenditure (see Note 11).

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash - Unemployment Reserve

The Organization participates in a self-insured unemployment trust. Quarterly deposits are made to a prepayment account, and unemployment claims are paid from the trust as they arise. As of June 30, 2025 and 2024, the Organization had a prepayment account in the amount of \$52,288 and \$63,502 respectively, on deposit with the trustee.

Note 4. Contributions Receivable

The Organization has an annual campaign to raise operational funds for the Organization.

Total contributions receivable as of June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Annual campaign	\$515,100	\$597,690
Less unamortized discounts	(18,528)	(4,880)
Less allowance for uncollectible promises to give	<u>(2,394)</u>	<u>(9,000)</u>
	<u>\$494,178</u>	<u>\$583,810</u>
Amounts due in:		
Less than one year	\$405,303	\$526,797
One to five years	<u>109,797</u>	<u>70,893</u>
	<u>\$515,100</u>	<u>\$597,690</u>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates of 4.625% - 8.375%.

At June 30, 2025, three donors accounted for approximately 49% of the gross contributions receivable. At June 30, 2024, three donors accounted for approximately 68% of the gross contributions receivable.

Note 5. Investments

Cost and fair value of investments as of June 30, 2025 and 2024 are summarized below:

	2025		
	Cost	Fair Value	Unrealized Appreciation
Cash equivalents	\$ 71,406	\$ 71,406	
Mutual funds	<u>1,948,528</u>	<u>2,059,617</u>	\$111,089
	<u>\$2,019,934</u>	<u>\$2,131,023</u>	<u>\$111,089</u>

NOTES TO FINANCIAL STATEMENTS

	2024		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 68,369	\$ 68,369	
Mutual funds	867,015	899,547	\$ 32,532
Exchange traded funds	<u>757,404</u>	<u>985,754</u>	<u>228,350</u>
	<u>\$1,692,788</u>	<u>\$1,953,670</u>	<u>\$260,882</u>

Note 6. Investment in Partnership

The Organization has joined with other nonprofit organizations to raise funds and establish a partnership to provide centralized support services to the partner organizations and other organizations. The partnership, Impact V, LLC, was formed during the year ended June 30, 2018 as the shared services entity.

The Organization holds an ownership interest in Impact V, LLC that is accounted for by the equity method. The carrying value of the investment was \$41,431 and \$40,969 for the years ended June 30, 2025 and 2024, respectively. Equity in earnings (loss) from investment was \$462 and \$(11,321) for the years ended June 30, 2025 and 2024, respectively, and is included in net investment return on the statements of activities. The following is the financial information of Impact V, LLC as of June 30, 2025 and 2024 (unaudited):

	<u>2025</u>	<u>2024</u>
Assets	\$158,928	\$150,561
Liabilities	34,634	27,653
Members' equity	124,294	122,908
Net income (loss)	1,386	(33,962)

Professional fees charged by Impact V, LLC for services rendered to the Organization were \$389,190 and \$395,836 for the years ended June 30, 2025 and 2024, respectively. The Organization terminated their service agreement with Impact V, LLC effective June 30, 2025.

NOTES TO FINANCIAL STATEMENTS

Note 7. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or 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 to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's Level 1 assets have been valued using a market approach. Level 3 assets have been valued using the income approach. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2025 and 2024.

Cash equivalents, mutual funds and exchange traded funds – valued at the closing price reported in the active market in which the security is traded.

Beneficial interest – valued as determined by the fund manager of the underlying assets held by the community foundation.

NOTES TO FINANCIAL STATEMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of June 30, 2025 and 2024:

	2025		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 71,406		\$ 71,406
Mutual funds	2,059,617		2,059,617
Beneficial interest in assets held by others	_____	<u>\$25,483</u>	<u>25,483</u>
	<u>\$2,131,023</u>	<u>\$25,483</u>	<u>\$2,156,506</u>
	2024		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 68,369		\$ 68,369
Mutual funds	899,547		899,547
Exchange traded funds	985,754		985,754
Beneficial interest in assets held by others	_____	<u>\$24,206</u>	<u>24,206</u>
	<u>\$1,953,670</u>	<u>\$24,206</u>	<u>\$1,977,876</u>

Note 8. Endowment Funds

The Organization's endowment funds consist of investments held in various brokerage accounts and beneficial interest in assets held by others. The investments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. The Organization's Board of Directors does not have input or authority over the nature and type of investments held by others. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTES TO FINANCIAL STATEMENTS

The endowment net asset composition by type of fund as of June 30, 2025 and 2024 is as follows:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds		\$1,312,807	\$1,312,807
Donor-restricted endowment funds (beneficial interest in assets held)		25,483	25,483
Board-designated endowment funds	<u>\$793,216</u>	<u> </u>	<u>793,216</u>
	<u>\$793,216</u>	<u>\$1,338,290</u>	<u>\$2,131,506</u>
	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds		\$1,269,321	\$1,269,321
Donor-restricted endowment funds (beneficial interest in assets held)		24,206	24,206
Board-designated endowment funds	<u>\$684,349</u>	<u> </u>	<u>684,349</u>
	<u>\$684,349</u>	<u>\$1,293,527</u>	<u>\$1,977,876</u>

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$684,349	\$1,293,527	\$1,977,876
Transfers - operations/capital	(109,151)		(109,151)
Reclassifications	168,293	(168,293)	
Net investment return	49,725	211,779	261,504
Change in beneficial interest	<u> </u>	<u>1,277</u>	<u>1,277</u>
Endowment net assets, end of year	<u>\$793,216</u>	<u>\$1,338,290</u>	<u>\$2,131,506</u>
	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$595,203	\$1,257,118	\$1,852,321
Transfers - operations/capital	(96,116)		(96,116)
Reclassifications	123,302	(123,302)	
Net investment return	61,960	159,263	221,223
Change in beneficial interest	<u> </u>	<u>448</u>	<u>448</u>
Endowment net assets, end of year	<u>\$684,349</u>	<u>\$1,293,527</u>	<u>\$1,977,876</u>

NOTES TO FINANCIAL STATEMENTS

Interpretation of relevant law:

The Organization has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Return objectives, risk parameters and strategies:

The Organization has adopted investment and spending policies for its endowment assets that are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Total endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period in addition to funds for donor-specified purposes and board-designated funds.

The Board of Directors has the responsibility for development of the investment objectives and guidelines, the selection of the investment managers (Managers), and the regular monitoring of the Managers' performance to help assure the effectiveness of the objectives and to initiate modification or changes, as needed.

Under this policy, as approved by the Board of Directors, the endowment assets are managed by investment managers selected by the Board of Directors and are invested in a manner that is intended to provide annual real investment returns (growth and income) sufficient to meet the Organization's needs. The Organization expects its endowment funds, over time, to provide total return, net of fees, that meets or exceeds a combined index of 60% S&P 500 index and 40% Barclays Capital Aggregate index.

To satisfy its 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 Organization has established and monitors a diversified asset allocation, including a target equity position, fixed income position, and cash equivalents exposure.

NOTES TO FINANCIAL STATEMENTS

Spending policy and how the investment objectives relate to spending policy:

It is the Organization's policy to transfer a minimum of 5% of the fair value, as determined on March 31 each year, to be used for general operations. From time to time, additional distributions may be required for special projects. At no time shall withdrawals be made if the fair value of the endowment falls below the donor restricted balance held in perpetuity. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow for both growth of income and growth of endowment principal. This is consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 9. Beneficial Interest in Assets Held by Others

In 1986, the Organization made an irrevocable transfer of \$10,000 to an endowment fund maintained by The Community Foundation of Louisville (Foundation). The Organization is an income beneficiary, receiving a distributable amount calculated in accordance with the Foundation's spending policy.

As of June 30, 2025 and 2024, the Organization's non-distributable interest in the fund was \$25,483 and \$24,206, respectively, and is recorded as a beneficial interest in assets held by others.

Note 10. Cash Value of Life Insurance

The Organization is the owner and beneficiary of four donated life insurance policies. The proceeds of the policies are restricted by the donors and are to be placed in the Organization's Endowment Fund. Funds are contributed by the donors annually to pay certain policy premiums. The change in the cash value of the policies are recorded as a change in net assets with donor restrictions. There was no change recorded for the years ended June 30, 2025 and 2024.

Note 11. Line of Credit

The Organization has a \$1,000,000 secured line of credit with Stock Yards Bank & Trust Company that matures on November 10, 2025. The Organization renewed the line of credit under similar terms through November 10, 2026. The line bears interest at the prime rate, less 0.125%, which was 7.625% at June 30, 2025. The outstanding balance on the line of credit at June 30, 2025 and 2024 was \$520,169 and \$767,136, respectively. The line is secured by all receivables, equipment and general intangibles of the Organization, a third mortgage lien on certain land and buildings, as well as a negative pledge restriction on the investment account balance maintained at Truist Bank.

NOTES TO FINANCIAL STATEMENTS

Note 12. Long-Term Debt

The note payable consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Note payable to Stock Yards Bank, stated interest rate of 4.95%, payable in monthly principal and interest payments through May 2027 at which time the unpaid principal balance is due. The note is secured by a first mortgage lien on certain land and buildings with a net book value of \$5,020,543 at June 30, 2025 and assignment of certain rents.	\$2,426,530	\$2,485,928
Less unamortized debt issuance costs	(1,836)	(3,285)
Less current maturities	<u>(62,454)</u>	<u>(59,403)</u>
	<u>\$2,362,240</u>	<u>\$2,423,240</u>

Future principal maturities on the note payable as of June 30, 2025 are as follows:

Year ending June 30, 2026	\$ 62,454
2027	<u>2,364,076</u>
	<u>\$2,426,530</u>

Debt issuance costs are amortized by the effective interest method over the term of the loan. Amortization is included in interest expense.

Total interest expense, inclusive of the line of credit, note payable, and amortization of debt issuance costs, for the years ending June 30, 2025 and 2024 was \$180,900 and \$199,662, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 13. Pension Plan

The Organization has a defined benefit pension plan which covers certain of its employees. Effective August 27, 2008, the Organization elected to freeze the plan to future entrants. Also, effective December 31, 2008, the Organization amended the plan to freeze all future accruals. The Plan was terminated effective June 30, 2023. No formal distribution of plan assets has been made as of the date the financial statements were available to be issued.

The following sets forth the plan's funded status and amounts recognized in the financial statements as of and for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$ 5,551,333	\$ 5,052,663
Service cost	65,000	55,000
Interest cost	279,122	253,694
Actuarial loss	284,761	627,472
Benefits paid	<u>(453,104)</u>	<u>(437,496)</u>
Benefit obligation at end of year	<u>5,727,112</u>	<u>5,551,333</u>
Change in Plan Assets		
Fair value of plan assets at beginning of year	5,324,919	5,548,217
Actual return on plan assets	194,755	214,198
Employer contributions	15,252	
Benefits paid	<u>(453,104)</u>	<u>(437,496)</u>
Fair value of plan assets at end of year	<u>5,081,822</u>	<u>5,324,919</u>
Funded status at end of year	<u>\$ (645,290)</u>	<u>\$ (226,414)</u>
Accrued pension cost recognized in the statements of financial position	\$ (645,290)	\$ (226,414)
Accumulated benefit obligation	\$ 5,727,112	\$ 5,551,333
Amounts Recognized in Change in Net Assets Separate from Expenses But Not Yet Included in Net Periodic Benefit Cost		
Net loss	<u>\$ 928,925</u>	<u>\$ 591,048</u>

NOTES TO FINANCIAL STATEMENTS

Components of Net Periodic Benefit Cost and Other Amounts Recognized in Change in Net Assets

Net Periodic Benefit Cost

Service cost	\$ 65,000	\$ 55,000
Interest cost	279,122	253,694
Expected return on plan assets	(252,898)	(263,634)
Amortization of net actuarial loss	<u>5,027</u>	<u> </u>
Net periodic benefit cost	<u>\$ 96,251</u>	<u>\$ 45,060</u>

Other Changes in Plan Assets and Benefit Obligation Recognized in Change in Net Assets

Net loss	\$ 342,904	\$ 676,908
Amortization of net actuarial loss	<u>(5,027)</u>	<u> </u>
Total recognized in change in net assets	<u>\$ 337,877</u>	<u>\$ 676,908</u>

The service cost component of net periodic benefit cost is included in expenses on the statements of activities and retirement expense of the statements of functional expenses.

Assumptions

The Organization uses a June 30 measurement date for the plan.

	<u>2025</u>	<u>2024</u>
Weighted average assumptions used to determine benefit obligations as of June 30:		
Discount rate	5.25%	5.25%
Weighted average assumptions used to determine net periodic benefit cost for years ended June 30:		
Discount rate	5.25%	5.25%
Expected return on assets	5.00%	5.00%

The basis of the long-term rate of return assumption reflects the plan's current asset mix.

NOTES TO FINANCIAL STATEMENTS

Plan Assets

The fair values of the plan's assets at June 30, 2025 and 2024, by asset category, are as follows:

	Level 1	
	2025	2024
Cash and cash equivalents	<u>\$5,081,822</u>	<u>\$5,324,919</u>

Due to termination of the plan, all assets of the plan will remain invested in cash and cash equivalents.

Cash Flows

The Organization expects to contribute \$135,317 to the plan during the year ended June 30, 2026. However, the Organization reserves the right to contribute more to the Plan depending on legal requirements, current economic conditions, cash flow considerations, or other internal issues.

The benefits expected to be paid in each of the next five years and the aggregate amount of benefits expected to be paid in the subsequent five years are as follows:

<u>Fiscal Year Ending:</u>	<u>Expected Benefits</u>
2026	\$ 484,372
2027	480,591
2028	483,196
2029	478,954
2030	474,861
2031 - 2035	2,236,013

NOTES TO FINANCIAL STATEMENTS

Note 14. Retirement Plan

The Organization has a 403(b) retirement plan which covers all employees who have met the eligibility requirements. The Organization contributes 1% of gross salary for all eligible employees. Total contributions made by the Organization to the plan were \$24,617 and \$27,846 for the years ended June 30, 2025 and 2024, respectively.

Note 15. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Family centered services	\$ 70,620	\$ 32,071
Child abuse services	166,903	59,890
Other programs	110,616	1,304
Non-programmatic expenses	<u>218,936</u>	<u>338,583</u>
	<u>567,075</u>	<u>431,848</u>
Subject to passage of time:		
Contributions receivable	<u>237,561</u>	<u>554,215</u>
Held in perpetuity to support:		
Training and scholarship	442,848	442,848
Family centered services	555,513	525,588
Child abuse services	63,178	63,178
Property maintenance	5,000	5,000
Non-programmatic expenses	249,506	249,506
Beneficial interest in assets held by others	<u>25,483</u>	<u>24,206</u>
	<u>1,341,528</u>	<u>1,310,326</u>
	<u>\$2,146,164</u>	<u>\$2,296,389</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

Note 16. Leases Commitments

The Organization leased office space under operating leases that were terminated during the year ended June 30, 2025. The exercise of any renewal options was at the sole discretion of the Organization, and only lease options that the Organization believed were reasonably certain to be exercised were included in the measurement of the lease assets and liabilities. The lease agreements did not include any material residual value guarantees or restrictive covenants.

NOTES TO FINANCIAL STATEMENTS

The following summarizes lease costs for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease expense:		
Operating lease expense	\$32,692	\$79,679
Variable lease expense	<u>5,169</u>	<u> </u>
	<u>\$37,861</u>	<u>\$79,679</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$37,861	\$79,679
Weighted-average remaining lease term (years)		1.48
Weighted-average discount rate		4.63%

Note 17. Rental Income

The Organization leases office space to an unrelated third party under an operating lease expiring June 30, 2025 with options to renew annually through June 2027. Rental income recognized for the years ended June 30, 2025 and 2024 was \$192,913 and \$184,268, respectively.

Note 18. Concentration of Credit Risk

The Organization has significant investments in securities held by an investment manager engaged by the Organization and is, therefore, subject to concentrations of credit risk. Investments are made by the investment manager and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

Note 19. Commitments and Contingencies

From time to time, the Organization may be involved in pending claims, litigation and investigations arising in the normal course of business. The ultimate outcome of these matters cannot be predicted with any certainty. The Organization carries liability and other forms of insurance that is generally sufficient to protect the Organization from potential settlement or judgment. At this time, the Organization has not made and additional provisions in the accompanying financial statements for any potential liability.