

GREATER LOUISVILLE HEAD START

2025 ANNUAL REPORT



Greater Louisville Head Start gives children a strong, nurturing start by supporting early learning, healthy development, and family stability. Together with families and community partners, we help build confident learners today and stronger communities for tomorrow.

	Head Start	Head Start %	Early Head Start	Early Head Start %	Total	Total%
CUMULATIVE ENROLLMENT	259	49.71%	262	50.29%	521	100%
AVERAGE MONTHLY ENROLLMENT	165	51.08%	158	48.92%	323	



*Greater Louisville Head Start serves children and families who are unhoused, in foster care, income-eligible, or receiving public assistance.

ELIGIBILITY

	Head Start	Head Start %	Early Head Start	Early Head Start %	Total	Total%
Income-Eligible	79	30.50%	69	26.34%	148	28.41%
Public Assistance	166	64.09%	169	64.50%	335	64.30%
Foster Care	8	3.09%	8	3.05%	16	3.07%
Unhoused	6	2.32%	16	6.11%	22	4.22%

ETHNICITY

	Head Start	Head Start %	Early Head Start	Early Head Start %	Total	Total%
American Indian/Alaskan	1	0.39%	1	0.38%	2	0.38%
Asian	5	1.93%	3	1.15%	8	1.54%
Black	192	74.13%	183	69.85%	375	71.98%
White	15	5.79%	26	9.92%	41	7.87%
Biracial	36	13.90%	23	8.78%	59	11.32%
Hispanic	10	3.86%	26	9.92%	36	6.91%

HEALTH

	Head Start	Head Start %	Early Head Start	Early Head Start %	Total	Total%
Up to Date on Preventative Care	225	86.87%	170	64.89%	395	75.82%
Up to Date on Immunizations	250	96.53%	208	79.39%	458	87.91%
Received Oral Preventative Care	258	99.61%	245	93.51%	503	96.55%
Received Dental Exams	171	66.02%	72	27.48%	243	46.64%

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2025 ANNUAL REPORT



FAMILIES

	Head Start	Head Start %	Early Head Start	Early Head Start %	Total	Total%
Number of families	235	51.65%	220	48.35%	455	100%
Families participated in goal setting	77	66.38%	39	33.62%	116	25.49%
Families participated in family workshops	105	64.81%	57	35.19%	162	35.60%
Number of pregnant clients served	0	0%	15	100%	15	3.30%

The Greater Louisville Head Start Program partners with JCPS to identify goals in our Early Learning Framework. We prioritize goals for each child to ensure they are met by the time they transition to kindergarten. Notes on a child's development are taken weekly to inform assessments that are given three times a year. We use Creative Curriculum to ensure that preschoolers in our Head Start Program are making progress toward meeting expectations in domains such as fine and gross motor skills, as well as cognitive skills and approaches to learning.

The total amount of public and private funds received and the amount from each source.

- For the budget period ending **August 31, 2025**:
 - Federal Funds (Office of Head Start): **\$7,071,789**
 - State Funds (KY Cabinet for Economic Development): **\$803,480**
 - Local/Private Funds & In-Kind: **\$252,611**
 - TOTAL FUNDING: **\$8,127,880**
 -
- Family & Children's Place uses federal Head Start funds and required local contributions to deliver high-quality early learning in partnership with community childcare centers. Most federal dollars supported partner-site classroom operations, with additional funding covering our Head Start team's salaries and benefits, essential classroom and family-support materials, technology, staff travel, and professional development. These federal resources were complemented by Non-Federal Share contributions—including a state grant, private fundraising, and in-kind contributions—that met all federal cost-sharing requirements and helped ensure the long-term sustainability of the program.
- **Proposed Budget for the period ending August 31, 2026 (See details on page 3 & 4)**

FCP is committed to the highest standards of federal compliance and fiscal accountability.

- **Federal Monitoring:** FCP began a new project period on September 1, 2024. Our next federal monitoring review, Focus Area 1 (FA1): Program Systems Review, is scheduled for March 2026. The last completed federal monitoring review was the FA2 review completed in July 2023. The results of that review, which found the program to be in good standing, are available for public review (**see details on pages 5-13**)
- **Financial Audit:** FCP's most recent audited financial statements, for the fiscal year ending June 30, 2025, are available for public review (**see details on page 14-42**). We are pleased to report that the independent auditor issued an unmodified (clean) opinion, with no material findings or weaknesses identified.

GREATER LOUISVILLE HEAD START

PROPOSED BUDGET FOR THE PERIOD ENDING AUGUST 31, 2026



HEAD START

Budget Category:	Program Operations	Training & Assistance	Non-federal Share
Personnel:	\$522,216.00	-	\$27,500.00
Fringe Benefits:	\$112,908.00	-	-
Travel:	-	-	-
Equipment:	-	-	-
Supplies:	\$135,000.00	-	-
Contractual:	-	-	-
Construction:	-	-	\$444,444.00
Other:	\$145,897.00	\$25,338.00	\$90,443.00
Total Direct Charges:	-	\$25,338.00	\$562,387.00
Indirect Charges:	\$221,339.00	-	\$193,839.00
Total:	-	\$25,338.00	\$756,226.00

EARLY HEAD START

Budget Category:	Program Operations	Training & Assistance	Non-federal Share
Personnel:	\$916,582.00	-	\$27,500.00
Fringe Benefits:	\$199,375.00	-	-
Travel:	-	-	-
Equipment:	-	-	-
Supplies:	\$140,721.00	-	-
Contractual:	\$2,189,503.00	-	-
Construction:	-	-	\$555,556.00
Other:	\$268,737.00	\$75,787.00	\$167,666.00
Total Direct Charges:	\$3,714,918	\$75,787.00	\$750,722.00
Indirect Charges:	\$299,273.00	-	\$271,773.00
Total:	\$4,014,191.00	\$75,787.00	\$1,022,495.00

GREATER LOUISVILLE HEAD START

PROPOSED BUDGET FOR THE PERIOD ENDING AUGUST 31, 2026



TOTAL

Budget Category:	Program Operations	Training & Assistance	Non-federal Share
Personnel:	\$1,438,798.00	-	\$55,00.00
Fringe Benefits:	\$312,283.00	-	-
Travel:	-	-	-
Equipment:	-	-	-
Supplies:	\$275,721.00	-	-
Contractual:	\$4,051,707.00	-	-
Construction:	-	-	\$1,000,000.00
Other:	\$414,634.00	\$101,125.00	\$258,109.00
Total Direct Charges:	\$6,493,143	\$101,125.00	\$1,313,109.00
Indirect Charges:	\$520,612.00	-	\$465,612.00
Total:	\$7,013,755.00	\$101,125.00	\$1,778,721.00



Roni Witherspoon, MSOL

Vice President, Early Childhood Education
Executive Director, Head Start

 rwitherspoonefamchildplace.org

"A strong beginning creates a lifetime of possibilities."

-Roni Witherspoon

GREATER LOUISVILLE HEAD START

2025 FINANCIAL AUDIT (PAGES 5 - 13)





Program Performance Summary Report

To: Authorizing Official/Board Chairperson

Mr. Rich Garner
Family & Children's Place, Inc.
525 Zane St.
Louisville, KY 40203 - 3203

From: Responsible HHS Official

Date: 08/17/2023

Mr. Khari M. Garvin

Director, Office of Head Start

From July 17, 2023 to July 21, 2023, the Administration for Children and Families conducted a Focus Area Two (FA2) monitoring review of Family & Children's Place, Inc. Head Start and Early Head Start programs. This report contains information about the grant recipient's performance and compliance with the requirements of the Head Start Program Performance Standards (HSPPS) or Public Law 110-134, ***Improving Head Start for School Readiness Act of 2007***.

The Office of Head Start (OHS) would like to thank your governing body, policy council, parents, and staff for their engagement in the review process. Based on the information gathered during this review, it has been determined that your program needs improvement in one or more areas. This report provides you with detailed information in each area where program performance did not meet one or more applicable HSPPS, laws, regulations, and policy requirements, and the required timeframes for corrective action.

Please contact your Regional Office for guidance should you have any questions or concerns. Your Regional Office will follow up on the content of this report and can work with you to identify resources to support your program's continuous improvement.

DISTRIBUTION OF THE REPORT

Copies of this report will be distributed to the following:

Ms. Erika Lundy, Regional Program Manager
Ms. Pam Darnall, Chief Executive Officer/Executive Director
Mr. Vaughn Nebbitt, Head Start Director
Mr. Vaughn Nebitt, Early Head Start Director

Grant(s) included as part of this review

<i>Grant Recipient Name</i>	<i>Grant Number(s)</i>
Family & Children's Place, Inc.	04CH011244

Glossary of Terms

<i>Finding Type</i>	<i>Definition</i>
<i>Area of Concern (AOC)</i>	An area in which the agency needs to improve performance. These issues should be discussed with the grant recipient's Regional Office for possible technical assistance.
<i>Area of Noncompliance (ANC)</i>	An area in which the agency is out of compliance with Federal requirements (including but not limited to the Head Start Act or one or more of the regulations) in one or more areas of performance. This status requires a written timeline for correction and possible technical assistance or guidance from the grant recipient's program specialist. If not corrected within the specified timeline, this status becomes a deficiency.
<i>Deficiency</i>	<p>As defined in the Head Start Act, the term "deficiency" means:</p> <p>(A) a systemic or substantial material failure of an agency in an area of performance that the Secretary determines involves:</p> <ul style="list-style-type: none"> (i) a threat to the health, safety, or civil rights of children or staff; (ii) a denial to parents of the exercise of their full roles and responsibilities related to program operations; (iii) a failure to comply with standards related to early childhood development and health services, family and community partnerships, or program design and management; (iv) the misuse of funds received under this subchapter; (v) loss of legal status (as determined by the Secretary) or financial viability, loss of permits, debarment from receiving Federal grants or contracts, or the improper use of Federal funds; or (vi) failure to meet any other Federal or State requirement that the agency has shown an unwillingness or inability to correct, after notice from the Secretary, within the period specified; <p>(B) systemic or material failure of the governing body of an agency to fully exercise its legal and fiduciary responsibilities; or</p> <p>(C) an unresolved area of noncompliance.</p>

Performance Summary

<i>Service Area</i>	<i>Grant Number(s)</i>	<i>Compliance Level</i>	<i>Applicable Standards</i>	<i>Timeframe for Correction</i>
Supporting Teachers in Promoting School Readiness	04CH011244	Area of Concern	1302.91(e)(1)	Follow up with Regional Office for support
Supporting Teachers in Promoting School Readiness	04CH011244	Area of Concern	1302.91(e)(2)(ii)	Follow up with Regional Office for support
Safety Practices	04CH011244	Area of Noncompliance	1302.47(b)(1)(iii)	120 days
Budget Planning and Development	04CH011244	Area of Noncompliance	642(d)(2)(A)-(I)	120 days

Program Overview

Family & Children's Place, Inc. has been supporting residents of Louisville, Kentucky since 1883. Services offered by the grant recipient include child advocacy; counseling; prenatal support; and educational assistance for infants, toddlers, preschoolers, and school-aged children. Head Start and Early Head Start slots are available to 552 children and expectant families.



Program Management and Quality Improvement

Program Management

The grant recipient establishes a management structure consisting of staff, consultants, or contractors who ensure high-quality service delivery; have sufficient knowledge, training, experience, and competencies to fulfill the roles and responsibilities of their positions; and provide regular supervision and support to staff.

Ongoing Monitoring and Continuous Improvement

The grant recipient uses data to identify program strengths, needs, and areas needing improvement; to evaluate progress toward achieving program goals and compliance with program performance standards; and to assess the effectiveness of professional development.

Program Governance

The grant recipient maintains a formal structure of program governance to oversee the quality of services for children and families and to make decisions related to program design and implementation.

The grant recipient's policy council is engaged in the direction of the program, including program design and planning of goals and objectives.

Program Management and Quality Improvement Summary

Family & Children's Place, Inc. promoted diversity, equity, and inclusion (DEI) among staff and families. Recent initiatives undertaken by the grant recipient included reviewing its hiring practices, updating its website, and conducting a survey to determine how community members viewed the organization. Staff also received anti-bias and diversity training. Finally, the recipient's child care partner contracted with a DEI expert to ensure organizational practices and staff training opportunities supported DEI ideals. These efforts helped children, families, and staff feel safe and welcome.



Monitoring and Implementing Quality Education and Child Development Services

Alignment with School Readiness

The grant recipient's school readiness efforts align with the expectations of receiving schools, the Head Start Early Learning Outcomes Framework (HSELOF), and state early learning standards.

Effective and Intentional Teaching Practices

The grant recipient's teaching practices intentionally promote progress toward school readiness and provide quality learning experiences for children.

Supporting Teachers in Promoting School Readiness

The grant recipient ensures teachers are prepared to implement the curriculum and support children's progress toward school readiness, but improvement is needed.

AOC - 1302.91(e)(1)

Timeframe for Correction: Follow up with Regional Office for support

Citation Definition:

1302.91 Staff qualifications and competency requirements. (e) Child and family services staff. (1) Early Head Start center-based teacher qualification requirements. As prescribed in section 645A(h) of the Act, a program must ensure center-based teachers that provide direct services to infants and toddlers in Early Head Start centers have a minimum of a Child Development Associate (CDA) credential or comparable credential, and have been trained or have equivalent coursework in early childhood development with a focus on infant and toddler development.

Monitoring Feedback:

A review of the staff qualification tracking form found the grant recipient identified 7 of 22 Early Head Start center-based teachers who did not have an Infant/Toddler Child Development Associate (CDA) or comparable credential. The teachers, hired between July 2021 and March 2023, had professional development plans to obtain CDAs between April 2023 and March 2024. The professional development coach monitored the teachers' progress.

AOC - 1302.91(e)(2)(ii)

Timeframe for Correction: Follow up with Regional Office for support

Citation Definition:

1302.91 Staff qualifications and competency requirements. (e) Child and family services staff. (2) Head Start center-based teacher qualification requirements. (ii) As prescribed in section 648A(a)(3)(B) of the Act, a program must ensure all center-based teachers have at least an associate's or bachelor's degree in child development or early childhood education, equivalent coursework, or otherwise meet the requirements of section 648A(a)(3)(B) of the Act.

Monitoring Feedback:

A review of the teacher qualification tracking form found the grant recipient identified 2 of 11 Head Start center-based teachers who did not have at least an associate's degree in early childhood education or equivalent coursework. The teachers, hired in February and June 2021, had professional development plans to obtain the required degrees, with completion dates of May 2025 and December 2027. The professional development coach monitored the teachers' progress.

Home-Based Program Services

The grant recipient ensures home-based program services provide quality learning experiences through home visits and group socialization activities.



Monitoring and Implementing Quality Health Services

Child Health Status and Care

The grant recipient effectively monitors and maintains timely information on children's health statuses and care including ongoing sources of health care, preventive care, and follow-up.

Mental Health

The grant recipient supports a program-wide culture that promotes mental health and social and emotional well-being, and uses mental health consultation to support staff and families.

Oral Health and Nutrition

The grant recipient maintains and monitors for effective oral health practices and nutrition services that meet the nutritional needs and accommodate children's feeding requirements and allergies.

Safety Practices

The grant recipient does not implement a process for monitoring and maintaining healthy and safe environments.

ANC - 1302.47(b)(1)(iii)

Timeframe for Correction: 120 days

Citation Definition:

1302.47 Safety practices. (b) A program must develop and implement a system of management, including ongoing training, oversight, correction and continuous improvement in accordance with §1302.102, that includes policies and practices to ensure all facilities, equipment and materials, background checks, safety training, safety and hygiene practices and administrative safety procedures are adequate to ensure child safety. This system must ensure: (1) Facilities. All facilities where children are served, including areas for learning, playing, sleeping, toileting, and eating are, at a minimum: (iii) Free from pollutants, hazards and toxins that are accessible to children and could endanger children's safety.

Monitoring Feedback:

The grant recipient did not ensure that all facilities where children were served were free from pollutants, hazards, and toxins.

The grant recipient did not provide confirmation that children were not exposed to lead in water in all facilities. During a discussion, the director stated the grant recipient had entered into a new partnership with the Shively Learning Academy in April 2023 and had not tested the facility's water for lead. The director further stated that a lead test kit was ordered on July 17, 2023, and the grant recipient would complete the test upon its receipt.

The grant recipient did not ensure that all facilities where children were served were free from pollutants, hazards, and toxins; therefore, it was not in compliance with the regulation.

Services to Expectant Families

The grant recipient provides and monitors for quality services that facilitate expectant mothers' access to health care and provide information to support prenatal, postpartum, and maternal health as well as infant health and emotional well-being.



Monitoring and Implementing Quality Family and Community Engagement Services

Family Well-Being

The grant recipient collaborates with families to support family well-being, parents' aspirations, and parents' life goals.

Strengthening Parenting and Parent-Child Supports

The grant recipient provides services that strengthen parent-child relationships and support parents in strengthening parenting skills.

Family Engagement in Education and Child Development Services

The grant recipient provides education and child development services that recognize parents' roles as children's lifelong educators and encourage parents to engage in their children's education.

Family and Community Engagement Services Summary

Family & Children's Place, Inc. supported the well-being of all enrolled families. Over the 135 years of its existence, the grant recipient developed the skills, internal systems, and community resources to provide meaningful assistance. Home visitors and family advocacy staff received training on working with families and monitoring their goal progress using a data management system. Additionally, the recipient implemented a comprehensive parenting curriculum; reinforced parents' role as their children's primary educators; and helped families connect with financial, medical, employment, and other providers in the community. This approach helped families address their immediate concerns and work toward long-term goals.



Monitoring and Implementing Fiscal Infrastructure

Budget Planning and Development

The grant recipient does not develop and implement its budget to sustain management, staffing structures, and the delivery of services that support the needs of enrolled children and families.

ANC - 642(d)(2)(A)-(I)

Timeframe for Correction: 120 days

Citation Definition:

Sec. 642 Powers and Functions of Head Start Agencies (d) Program Governance Administration- (2) CONDUCT OF RESPONSIBILITIES-Each Head Start agency shall ensure the sharing of accurate and regular information for use by the governing body and the policy council, about program planning, policies, and Head Start agency operations, including-- (A) monthly financial statements, including credit card expenditures; (B) monthly program information summaries; (C) program enrollment reports, including attendance reports for children whose care is partially subsidized by another public agency; (D) monthly reports of meals and snacks provided through programs of the Department of Agriculture; (E) the financial audit; (F) the annual self-assessment, including any findings related to such assessment; (G) the communitywide strategic planning and needs assessment of the Head Start agency, including any applicable updates; (H) communication and guidance from the Secretary; and (I) the program information reports.

Monitoring Feedback:

The grant recipient did not include credit card expenditures in the monthly financial statements provided to the governing board.

A review of the December 13, 2021 governing board packet found the financial statements did not include credit card expenditures. In an email, the vice president of finance confirmed that the governing board did not receive the credit card expenditures.

The grant recipient did not include credit card expenditures in the monthly financial statements provided to the governing board; therefore, it was not in compliance with the regulation.

Ongoing Fiscal Capacity

The grant recipient plans and implements a fiscal management system that supports the organization's ongoing capacity to execute its budget over time and meet the needs of its organization.

Budget Execution

The grant recipient's financial management system provides for effective control over and accountability for all funds, property, and other assets.

Facilities and Equipment

The grant recipient complies with application, prior approval, and reporting requirements for facilities purchased, constructed, or renovated with Head Start funds.



Monitoring ERSEA: Eligibility, Recruitment, Selection, Enrollment, and Attendance

Determining, Verifying, and Documenting Eligibility

The grant recipient enrolls children or expectant mothers who are categorically eligible or who meet defined income-eligibility requirements.

Enrollment Verification

The grant recipient maintains and tracks enrollment.

ERSEA Summary

Family & Children's Place, Inc. monitored ERSEA data to identify concerns and guide improvement efforts. The recipient used a data management system to track the status of applications, current enrollment, children's daily attendance, and the number of children on the waitlist. Managers aggregated and analyzed this information for individual children, classrooms, centers, and the program as a whole. The analysis results helped the recipient make decisions about allocating resources and implementing new strategies. These practices helped the grant recipient move toward full enrollment.

----- End of Report -----

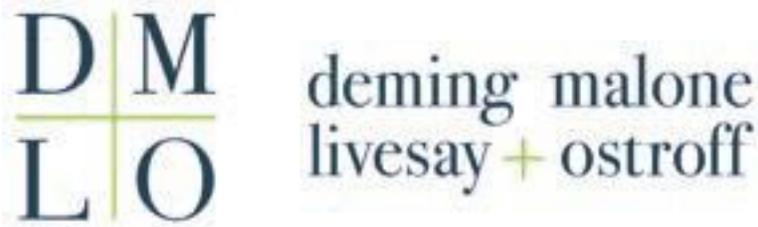
FAMILY & CHILDREN'S PLACE, INC.

FINANCIAL STATEMENTS

Years Ended June30, 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.



Louisville, Kentucky
November 11, 2025

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

<i>Assets</i>	2025	2024
<i>Current Assets</i>		
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	45,130	86,158
<i>Total current assets</i>	3,565,277	3,509,467
<i>Property and Equipment</i>		
Land	798,646	798,646
Buildings and improvements	6,343,291	6,322,559
Leasehold improvements	1,031,256	34,969
Furniture and equipment	8,173,193	1,261,802
Less accumulated depreciation	2,706,341	8,417,976
	5,466,852	2,696,162
	5,466,852	5,721,814
<i>Other Assets</i>		
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	207,041	68,515
	207,041	248,561
<i>Total assets</i>	\$ 9,239,170	\$ 9,479,842

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

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

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	2,075,544		2,075,544	211,300		211,300
Net investment return	49,684	211,779	261,463	53,216	159,262	212,478
Change in beneficial interest	(64,637)		1,277		448	448
Loss on disposal of property and equipment			(64,637)			
Net assets released from restrictions:	12,336,371	767,112	13,103,483	12,635,344	1,411,268	14,046,612
Time restrictions	578,213	(578,213)		503,409	(503,409)	
Purpose restrictions	3,391,224	(339,124)		325,637	(325,637)	
	9,173,377	(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						
Other components of net periodic benefit cost	92,808	(150,225)	(57,417)	(567,904)	582,222	14,318
Pension related changes other than net periodic benefit cost	(31,251)		(31,251)	9,940		9,940
	(337,877)		(337,877)	(676,908)		(676,908)
	(276,320)		(426,545)			
Change in net assets		(150,225)		(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	612,569	882,852	1,089,652	366,618	696,496	3,648,187	159,707	457,987	4,265,881
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	58,189	12,071	95,466
Other expenses	15,124	53,347	129,977	62,321	207,425	468,194	105,490	85,243	611,626
Interest	14,330	24,567	22,520	14,330	14,330	90,077	65,164	4,095	199,662
Depreciation and amortization	72,099	73,362	45,149	14,105	5,797	210,512		14,117	289,793
Total expenses	\$ 1,026,863	\$ 1,637,155	\$ 1,874,986	\$ 832,082	\$ 6,664,374	\$ 12,035,460	\$ 1,328,125	\$ 668,709	\$ 14,032,294

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<i>Cash Flows from Operating Activities</i>		
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	<u>(182,142)</u>	<u>(197,723)</u>
<i>Net cash provided by operating activities</i>	<u>371,169</u>	<u>265,867</u>
<i>Cash Flows from Investing Activities</i>		
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	<u>(68,202)</u>	<u>(168,801)</u>
<i>Net cash used in investing activities</i>	<u>(42,173)</u>	<u>(116,033)</u>
<i>Cash Flows from Financing Activities</i>		
Principal payments on notes payable	(59,398)	(56,166)
Net payments on line of credit	<u>(246,967)</u>	<u>(78,316)</u>
<i>Net cash used in by financing activities</i>	<u>(306,365)</u>	<u>(134,482)</u>
<i>Net change in cash and cash equivalents</i>	22,631	15,352
Cash and cash equivalents, beginning of year	<u>92,873</u>	<u>77,521</u>
Cash and cash equivalents, end of year	<u>\$ 115,504</u>	<u>\$ 92,873</u>

See Notes to Financial Statements.

FAMILY & CHILDREN'S PLACE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
<i>Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities</i>		
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)	918,517
Total adjustments	797,714	265,867
<i>Net cash provided by operating activities</i>	\$ 371,169	\$

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. The 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 enhance nonfinancial assets are recorded at fair value. 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
Writeoffs	<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	94,210
Estimated endowment spending-rate distributions		
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>	<u>\$111,089</u>
	<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 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		
	Level 1	Level 3	Total
Cash equivalents	\$ 71,406		\$ 71,406
Mutual funds	2,059,617		2,059,617
Beneficial interest in assets held by others		\$25,483	25,483
	\$2,131,023	\$25,483	\$2,156,506
	2024		
	Level 1	Level 3	Total
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		\$24,206	24,206
	\$1,953,670	\$24,206	\$1,977,876

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:

	<u>2025</u>		
	<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>
	<u>2024</u>		
	<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:

	<u>2025</u>		
	<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)	1,277
Net investment return	49,725	211,779	
Change in beneficial interest	<u> </u>	<u>1,277</u>	<u>\$2,131,506</u>
Endowment net assets, end of year	<u>\$793,216</u>	<u>\$1,338,290</u>	<u> </u>
	<u>2024</u>		
	<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 gifts as of the gift date of the donor-restricted endowment funds absent donor stipulation 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) accumulation 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 and preserve endowment funds: (1) the original value of the gifts to 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>
<i>Change in Benefit Obligation</i>		
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	(453,104)	(437,496)
Benefit obligation at end of year	<u>5,727,112</u>	<u>5,551,333</u>
<i>Change in Plan Assets</i>		
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>
<i>Funded status at end of year</i>	<u>\$ (645,290)</u>	<u>\$ (226,414)</u>
<i>Accrued pension cost recognized in the statements of financial position</i>	\$ (645,290)	\$ (226,414)
<i>Accumulated benefit obligation</i>	\$ 5,727,112	\$ 5,551,333
<i>Amounts Recognized in Change in Net Assets Separate from Expenses But Not Yet Included in Net Periodic Benefit Cost</i>		
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 2027 2028	\$ 484,372
2029 2030 2031 -	480,591
2035	483,196
	478,954
	474,861
	2,236,013

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.