

**MARY CARIOLA CHILDREN'S CENTER, INC.
AND AFFILIATE**

**Financial Statements
as of June 30, 2025
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

November 20, 2025

To the Board of Directors of
Mary Cariola Children's Center, Inc. and Affiliate:

Opinion

We have audited the accompanying consolidated financial statements of the Mary Cariola Children's Center, Inc. and Affiliate (the Organizations), which comprise the consolidated balance sheet as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional revenue and expenses without donor restrictions, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2025, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organizations' 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Exhibits I through IV is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

CONSOLIDATED BALANCE SHEET

JUNE 30, 2025

(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,770,207	\$ 6,922,457
Accounts receivable	9,271,309	7,101,664
Current portion of pledges receivable, net	113,927	280,214
Other current assets	267,112	241,459
Total current assets	<u>18,422,555</u>	<u>14,545,794</u>
PROPERTY AND EQUIPMENT, net	<u>4,468,508</u>	<u>4,560,243</u>
OTHER ASSETS:		
Investments	15,016,768	12,832,339
Pledges receivable, net of current portion	102,625	49,820
Operating lease right-of-use assets	7,919,446	8,471,403
Finance lease right-of-use assets	114,616	161,448
Beneficial interest in perpetual trusts	89,406	86,187
Total other assets	<u>23,242,861</u>	<u>21,601,197</u>
Total assets	<u>\$ 46,133,924</u>	<u>\$ 40,707,234</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 103,436	\$ 98,918
Accounts payable and other current liabilities	703,132	212,437
Accrued salaries, wages and related expenses	2,016,700	1,569,015
Current portion of liability for pension benefits	256,365	226,143
Current portion of operating lease liabilities	1,392,776	1,423,959
Current portion of finance lease liabilities	79,375	71,275
Current portion of deferred revenue	1,827,302	1,926,953
Total current liabilities	<u>6,379,086</u>	<u>5,528,700</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	1,026,699	1,123,271
Liability for pension benefits, net of current portion	1,270,762	4,424,307
Deferred compensation	214,500	191,500
Deferred revenue, net of current portion	482,982	414,713
Operating lease liabilities, net of current portion	6,711,599	7,102,568
Finance lease liabilities, net of current portion	38,565	93,905
Total long-term liabilities	<u>9,745,107</u>	<u>13,350,264</u>
Total liabilities	<u>16,124,193</u>	<u>18,878,964</u>
NET ASSETS:		
Without donor restrictions -		
Operating	16,462,311	10,942,286
Board designated	5,123,680	3,270,650
Total net assets without donor restrictions	21,585,991	14,212,936
With donor restrictions	<u>8,423,740</u>	<u>7,615,334</u>
Total net assets	<u>30,009,731</u>	<u>21,828,270</u>
Total liabilities and net assets	<u>\$ 46,133,924</u>	<u>\$ 40,707,234</u>

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)**

			Total	
	Without Donor Restrictions	With Donor Restrictions	2025	2024
PUBLIC SUPPORT:				
Contributions	\$ 1,219,290	\$ 1,128,665	\$ 2,347,955	\$ 1,868,703
United Way	-	80,156	80,156	174,479
Special events	<u>178,595</u>	<u>-</u>	<u>178,595</u>	<u>178,470</u>
Total public support	<u>1,397,885</u>	<u>1,208,821</u>	<u>2,606,706</u>	<u>2,221,652</u>
GOVERNMENT CONTRACTS:				
Tuition	32,961,361	-	32,961,361	26,870,074
Medicaid	11,149,405	-	11,149,405	9,250,648
Contracts for service	1,191,433	-	1,191,433	1,220,219
Other	<u>1,545,630</u>	<u>-</u>	<u>1,545,630</u>	<u>1,366,209</u>
Total government contracts	<u>46,847,829</u>	<u>-</u>	<u>46,847,829</u>	<u>38,707,150</u>
OTHER REVENUE	<u>284,917</u>	<u>-</u>	<u>284,917</u>	<u>413,477</u>
NET ASSETS RELEASED FROM RESTRICTIONS:	<u>172,743</u>	<u>(172,743)</u>	<u>-</u>	<u>-</u>
Total public support, government contracts and other revenue	<u>48,703,374</u>	<u>1,036,078</u>	<u>49,739,452</u>	<u>41,342,279</u>
EXPENSES:				
Program services -				
School age	22,960,443	-	22,960,443	21,088,165
1:1 Aide	19,141	-	19,141	29,287
Preschool	4,485,490	-	4,485,490	4,134,337
IDEA funding	889,890	-	889,890	784,027
Evaluations	7,680	-	7,680	60,601
Workshop	146,934	-	146,934	167,141
Residential	9,171,777	-	9,171,777	8,368,667
Family support services	219,996	-	219,996	217,581
Community habilitation	216,406	-	216,406	230,711
Respite	144,154	-	144,154	134,875
Health home	256,408	-	256,408	192,276
Cariola collaborative	<u>379,033</u>	<u>-</u>	<u>379,033</u>	<u>477,050</u>
Total program services	<u>38,897,352</u>	<u>-</u>	<u>38,897,352</u>	<u>35,884,718</u>
Supporting services -				
Agency administration	4,474,802	-	4,474,802	3,977,973
Fundraising	<u>1,175,390</u>	<u>-</u>	<u>1,175,390</u>	<u>1,055,536</u>
Total supporting services	<u>5,650,192</u>	<u>-</u>	<u>5,650,192</u>	<u>5,033,509</u>
Total expenses	<u>44,547,544</u>	<u>-</u>	<u>44,547,544</u>	<u>40,918,227</u>
CHANGES IN NET ASSETS BEFORE NON-OPERATING ACTIVITY	<u>4,155,830</u>	<u>1,036,078</u>	<u>5,191,908</u>	<u>424,052</u>
NON-OPERATING ACTIVITY:				
Investment income, net	668,084	53,374	721,458	492,925
Gain on investments, net	743,304	122,084	865,388	1,009,700
Change in funded status of pension plan	1,399,489	-	1,399,489	1,297,115
Change in value of beneficial interest in perpetual trust	-	3,218	3,218	1,122
Transfer of net assets	<u>406,348</u>	<u>(406,348)</u>	<u>-</u>	<u>-</u>
Total non-operating activity	<u>3,217,225</u>	<u>(227,672)</u>	<u>2,989,553</u>	<u>2,800,862</u>
CHANGES IN NET ASSETS	7,373,055	808,406	8,181,461	3,224,914
NET ASSETS - beginning of year	<u>14,212,936</u>	<u>7,615,334</u>	<u>21,828,270</u>	<u>18,603,356</u>
NET ASSETS - end of year	<u>\$ 21,585,991</u>	<u>\$ 8,423,740</u>	<u>\$ 30,009,731</u>	<u>\$ 21,828,270</u>

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)**

	Program Services							
	School Age	1:1 Aide	Preschool	IDEA Funding	Evaluations	Workshop	Residential	Family Support Services
REVENUE:								
Public support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government contracts	28,229,255	15,151	4,990,605	925,668	493	-	11,508,622	227,765
Other	26,292	(232)	11,112	-	-	89,887	17,825	-
Total revenue	<u>28,255,547</u>	<u>14,919</u>	<u>5,001,717</u>	<u>925,668</u>	<u>493</u>	<u>89,887</u>	<u>11,526,447</u>	<u>227,765</u>
NET ASSETS RELEASED FROM RESTRICTIONS:								
	24,908	-	5,468	-	-	-	1,970	-
Total revenue	<u>28,280,455</u>	<u>14,919</u>	<u>5,007,185</u>	<u>925,668</u>	<u>493</u>	<u>89,887</u>	<u>11,528,417</u>	<u>227,765</u>
EXPENSES:								
Salaries	16,312,070	17,387	3,254,176	669,851	5,036	93,597	6,227,325	168,473
Fringe benefits and payroll taxes	3,332,973	1,754	640,783	140,229	(699)	32,869	1,365,802	31,353
Total salaries, fringe benefits and payroll taxes	19,645,043	19,141	3,894,959	810,080	4,337	126,466	7,593,127	199,826
Rent - building	1,687,513	-	272,401	1,681	2,439	10,097	30,167	-
Purchased services	350,476	-	58,439	-	-	-	85,930	6,119
Repairs and maintenance	344,144	-	46,150	44	298	592	277,403	-
Depreciation and amortization	162,488	-	21,334	-	257	-	366,596	-
Supplies and materials	283,939	-	33,297	48,090	-	5,492	136,644	-
Office supplies	81,665	-	38,721	-	-	-	32,129	36
Staff development	18,991	-	12,796	15,600	-	-	3,264	9,928
Recruitment	92,357	-	3,430	-	-	-	-	-
Insurance	67,757	-	8,878	-	27	3,845	99,847	148
Food	55	-	-	-	-	-	193,872	-
Equipment	25,315	-	66,182	-	-	-	17,132	-
Advertising	-	-	-	-	-	-	-	-
Communications	61,370	-	8,877	-	301	442	30,161	-
Professional dues and conferences	44,690	-	6,231	21	-	-	17,853	2,254
Utilities	24,483	-	-	-	-	-	67,621	-
Purchase of health services	41,079	-	9,721	3,600	-	-	39,501	-
Interest	3,257	-	713	-	21	-	74,320	-
Clinical supplies	6,276	-	1,163	-	-	-	59,132	-
Rent - equipment	-	-	26	-	-	-	-	-
Travel	5,490	-	891	1,624	-	-	10,412	1,685
Children's activities	9,317	-	1,214	150	-	-	11,806	-
Postage	20	-	-	-	-	-	665	-
Other	4,718	-	67	9,000	-	-	24,195	-
Total expenses before allocation of agency administration	22,960,443	19,141	4,485,490	889,890	7,680	146,934	9,171,777	219,996
Allocation of agency administration	2,571,665	2,154	494,707	120,531	864	16,531	1,031,182	24,751
Total expenses	<u>25,532,108</u>	<u>21,295</u>	<u>4,980,197</u>	<u>1,010,421</u>	<u>8,544</u>	<u>163,465</u>	<u>10,202,959</u>	<u>244,747</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING ACTIVITIES	<u>\$ 2,748,347</u>	<u>\$ (6,376)</u>	<u>\$ 26,988</u>	<u>\$ (84,753)</u>	<u>\$ (8,051)</u>	<u>\$ (73,578)</u>	<u>\$ 1,325,458</u>	<u>\$ (16,982)</u>

Program Services					Supporting Services			Total	
Community Habilitation	Respite	Health Home	Cariola Collaborative	Total	Agency Administration	Fundraising	Total	2025	2024
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,067	\$ 1,395,818	\$ 1,397,885	\$ 1,397,885	\$ 1,257,261
267,013	84,818	178,366	420,073	46,847,829	-	-	-	46,847,829	38,707,150
-	-	-	-	144,884	111,503	28,530	140,033	284,917	413,477
<u>267,013</u>	<u>84,818</u>	<u>178,366</u>	<u>420,073</u>	<u>46,992,713</u>	<u>113,570</u>	<u>1,424,348</u>	<u>1,537,918</u>	<u>48,530,631</u>	<u>40,377,888</u>
-	-	-	-	32,346	76,972	63,425	140,397	172,743	313,058
<u>267,013</u>	<u>84,818</u>	<u>178,366</u>	<u>420,073</u>	<u>47,025,059</u>	<u>190,542</u>	<u>1,487,773</u>	<u>1,678,315</u>	<u>48,703,374</u>	<u>40,690,946</u>
155,816	82,337	186,817	175,447	27,348,332	2,331,482	466,317	2,797,799	30,146,131	27,932,241
<u>31,791</u>	<u>19,739</u>	<u>45,140</u>	<u>32,863</u>	<u>5,674,597</u>	<u>473,728</u>	<u>89,363</u>	<u>563,091</u>	<u>6,237,688</u>	<u>5,636,903</u>
187,607	102,076	231,957	208,310	33,022,929	2,805,210	555,680	3,360,890	36,383,819	33,569,144
-	-	11,825	4,103	2,020,226	147,412	14,223	161,635	2,181,861	2,192,980
7,126	4,357	-	-	512,447	746,825	121,450	868,275	1,380,722	943,950
9,367	4,880	1,609	668	685,155	29,417	2,059	31,476	716,631	714,109
4,633	28,961	1,028	-	585,297	28,270	-	28,270	613,567	605,207
175	298	-	-	507,935	-	18,175	18,175	526,110	516,359
1,686	555	3,884	808	159,484	211,582	22,370	233,952	393,436	359,817
-	-	304	137,181	198,064	18,289	89,553	107,842	305,906	217,795
-	-	-	-	95,787	164,348	23	164,371	260,158	216,322
3,243	302	143	2	184,192	54,724	168	54,892	239,084	199,352
25	5	-	-	193,957	1,514	9,699	11,213	205,170	163,113
-	-	-	-	108,629	61,169	3,379	64,548	173,177	161,173
-	-	-	-	-	79,520	39,945	119,465	119,465	122,384
177	412	1,230	-	102,970	14,788	1,325	16,113	119,083	101,112
-	-	-	-	71,049	31,113	1,433	32,546	103,595	91,537
-	1,867	-	-	93,971	-	-	-	93,971	80,453
-	-	-	-	93,901	-	-	-	93,901	75,014
-	-	85	-	78,396	768	88	856	79,252	71,852
388	-	-	-	66,959	-	-	-	66,959	67,315
-	-	-	-	26	40,045	-	40,045	40,071	25,268
1,979	258	3,613	130	26,082	3,667	282	3,949	30,031	29,883
-	-	-	-	22,487	-	1,898	1,898	24,385	19,338
-	-	-	-	685	15,592	3,131	18,723	19,408	14,925
-	183	730	27,831	66,724	20,549	200,080	220,629	287,353	298,469
216,406	144,154	256,408	379,033	38,897,352	4,474,802	1,084,961	5,559,763	44,457,115	40,856,871
<u>24,414</u>	<u>16,219</u>	<u>28,915</u>	<u>42,645</u>	<u>4,374,578</u>	<u>(4,465,007)</u>	<u>90,429</u>	<u>(4,374,578)</u>	<u>-</u>	<u>-</u>
<u>240,820</u>	<u>160,373</u>	<u>285,323</u>	<u>421,678</u>	<u>43,271,930</u>	<u>9,795</u>	<u>1,175,390</u>	<u>1,185,185</u>	<u>44,457,115</u>	<u>40,856,871</u>
\$ 26,193	\$ (75,555)	\$ (106,957)	\$ (1,605)	\$ 3,753,129	\$ 180,747	\$ 312,383	\$ 493,130	\$ 4,246,259	\$ (165,925)

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

(With Comparative Totals for 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,181,461	\$ 3,224,914
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	613,567	605,207
Change in pension liability	(3,123,323)	(1,297,115)
Investment gain, net	(883,430)	(1,082,942)
Discount and allowance on pledges receivable	(18,478)	(20,002)
Increase in interest in perpetual trusts	(3,219)	(1,122)
Changes in:		
Accounts receivable	(2,169,645)	(1,349,350)
Pledges receivable	131,960	137,391
Other current assets	(25,653)	(1,174)
Accounts payable and other current liabilities	490,695	(253,018)
Accrued salaries, wages and related expenses	447,685	(70,697)
Workers compensation and unemployment reserve	-	(179,760)
Deferred compensation	23,000	23,000
Operating leases	129,805	93,230
Deferred revenue	(31,382)	735,668
Net cash flow from operating activities	<u>3,763,043</u>	<u>564,230</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	1,986,414	1,957,740
Purchases of investments	(3,287,413)	(2,349,196)
Purchases of property and equipment	(450,712)	(420,788)
Net cash flow from investing activities	<u>(1,751,711)</u>	<u>(812,244)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments of long-term debt	(92,054)	(93,086)
Reduction of financing lease liability	(71,528)	(66,969)
Net cash flow from financing activities	<u>(163,582)</u>	<u>(160,055)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	1,847,750	(408,069)
CASH AND CASH EQUIVALENTS - beginning of year	<u>6,922,457</u>	<u>7,330,526</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 8,770,207</u>	<u>\$ 6,922,457</u>

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025

1. THE ORGANIZATIONS

Mary Cariola Children's Center, Inc. (the Center) is a private, non-profit organization that was incorporated under the not-for-profit laws of the State of New York in 1952. The Center provides individualized services for children with developmental delays and those with complex or multiple disabilities. The Center provides family-centered educational, residential, therapeutic and community support services and develops program initiatives for emerging populations of children with special needs. The Center carries out its activities in Western New York.

Mary Cariola Foundation, Inc. (the Foundation) is a not-for-profit organization that was incorporated under the not-for-profit laws of the State of New York in 2022. The Foundation was formed to solicit, collect, and invest funds on behalf of the Center. The Center is the sole member of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Center and the Foundation (collectively, the Organizations). All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset or functional classification. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Resources for various purposes are classified into net asset categories in accordance with activities or objectives specified by the donor. The Organizations' consolidated financial statements include the following classifications of net assets:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions include resources which are available for the support of the Organizations' operating activities. The Boards of Directors have discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organizations and can designate net assets without donor restrictions for a specific purpose at their discretion.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to the Organizations subject to restrictions as defined by the donor. 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, in which the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released from donor restrictions when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Financial Instruments Measured at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Revenue and Receivables

Revenue from tuition, Medicaid and other third-party payors are recognized at approved rates when the Organizations satisfy their performance obligations under contracts by transferring services to individuals. The Organizations' performance obligations are to provide instructional and therapeutic services, community habilitation, residential services, and other services to children with developmental delays and those with complex or multiple disabilities. The transaction price is based on established charges for services provided. These rates are determined by allowable expenditures in rate setting periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Receivables (Continued)

Performance obligations for all of the Organizations' services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period. Contracts include a unilateral right to terminate by the customer after each day without penalty. Therefore, each day a customer receives service is treated as a separate contract and performance obligation, resulting in a method of revenue recognition that is the same as point in time.

The Organizations expect to collect established charges. The Organizations review individual contracts at the time of performance in order to determine estimated uncollectable accounts due from third-party payors or private pay individuals, and records these implicit price concessions as a direct reduction to revenue. Based on this, the Organizations determined that there are no implicit price concessions.

Revenue under Medicaid and third-party payor agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Organizations recognize revenue from government grants as revenue when eligible costs are incurred or services provided. A receivable, a contract asset, is recognized to the extent revenue earned exceeds cash advances. Conversely, deferred revenue, a contract liability, is recorded when cash advances exceed revenue earned.

New York State legislation allows for certain schools, including the Center, to retain surpluses of up to 11% generated during specific school years. The Center generated surpluses of \$718,000 and \$788,600 in fiscal 2025 and 2024, respectively, neither of which exceeded the 11% maximum, and the total is included in deferred revenue in the consolidated balance sheet at June 30, 2025 and 2024.

Approximately 73% and 72% of the Organizations' total public support, government contracts and other revenue was provided by the New York State Education Department for the years ended June 30, 2025 and 2024, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Receivables (Continued)

Revenues are charged and collected routinely throughout the month. Amounts that remain uncollected at the end of the month are recorded as accounts receivable. The allowance for credit losses is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering current and expected future economic conditions based on the industry in which it operates. Accounts receivable are written off when they are determined to be uncollectible. At June 30, 2025 and 2024, no allowance for credit loss was deemed necessary.

Public Support

The Organizations receive public support in the form of contributions and special event revenue from various organizations and individuals. The purpose of the contributions and special event revenue is to support the ongoing activities of the Organizations. The Organizations record contributions when a donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized, except for long-term fundraising efforts. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Pledges receivable represent amounts due to the Organizations under the terms of unconditional promises to give. The Organizations do not accrue interest on pledges receivable. Pledges to be received in the future are recorded at their discounted net present value. Amounts for which no payments have been received for several months are considered delinquent, and when appropriate collection efforts are exhausted, the account is written-off. The Organizations record an allowance for uncollectable pledges in anticipation of future write-offs. The allowance is based on the Organizations' past experience and review of outstanding balances. The allowance for uncollectable pledges on pledges receivable was \$12,365 and \$18,035 at June 30, 2025 and 2024, respectively.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include salaries and fringe benefits, depreciation, repairs and maintenance, utilities and agency administration expenses. Salaries and fringe benefits are directly charged whenever possible and practicable and otherwise are allocated based on time studies. Depreciation, repairs and maintenance, and utilities are allocated based on square footage. Agency administration expenses are allocated based on the total of direct program expenses to total direct expenses, i.e., the ratio value method.

Cash and Cash Equivalents

Cash and cash equivalents consists of bank demand deposit accounts and money market accounts which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts and believes they are not exposed to any significant credit risk with respect to cash and cash equivalents.

Investments

Investments are stated at fair value based on quoted market prices. The Organizations invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation and are depreciated on a straight-line basis over the assets estimated useful lives, which range from three to twenty-five years. The Organizations' policy is to capitalize property and equipment additions greater than \$5,000 which have a useful life greater than one year. Expenditures for repairs and maintenance are expensed as incurred.

Leases

The Organizations determine if an arrangement is a lease at inception. ROU assets represent the Organizations' right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at the lease's commencement based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Organizations are reasonably certain to exercise these options.

For all underlying classes of assets, the Organizations have elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. The Organizations recognize fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Organizations elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable and elected for all underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

In evaluating contracts to determine if they qualify as a lease, the Organizations consider factors such as if the Organizations obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Beneficial Interest in Perpetual Trusts

Under the terms of a perpetual trust agreement, a donor established and funded a perpetual trust administered by a third party. Under the terms of the trust, the Organizations have the irrevocable right to receive a portion of the income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The Organizations have recorded the asset and have recognized contribution revenue with donor restrictions at the estimated fair value of the Organizations' beneficial interest in trust assets.

Income earned on this trust asset is recorded as revenue without donor restrictions in the accompanying consolidated statement of activities and changes in net assets. Subsequent changes in fair value of the beneficial interest in the trust assets are reflected as change in value of beneficial interest in perpetual trust in the net asset class with donor restrictions in the consolidated statement of activities and changes in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment

The Organizations' endowment was established by (i) donor restricted gifts and bequests to provide a permanent endowment for a source of income and (ii) certain net assets without donor restrictions earmarked by the Organizations' Boards of Directors to be invested to provide income for an unspecified period of time. Endowment funds consist of investments and split-interest arrangements. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The governing Boards of the Organizations have interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on endowment gifts to be maintained in perpetuity, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends) and is restricted until appropriated for expenditure.

Income Taxes

The Organizations are not-for-profit corporations and are exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. The Organizations have also been classified by the Internal Revenue Service as entities that are not private foundations.

Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the current year presentation.

3. LIQUIDITY

The Organizations maintain sufficient cash and investments that are readily available for general expenditures. The Organizations' ability to meet its cash needs is further dependent, in part, on timely collection of its accounts receivable. The Organizations' accounts receivable are due primarily from government funders, such as New York State, various New York school districts and counties, and third-party payors including Medicaid. The Organizations employ procedures specifically designed to collect from these payors as quickly as possible. However, timeliness of payments from these payors varies and is sometimes difficult to predict. Additionally, support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Organizations must maintain sufficient resources to meet those responsibilities to their donors. Thus, financial assets may not be available for general expenditure within one year of the consolidated balance sheet date. As part of the Organizations' liquidity management, they structure their financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. LIQUIDITY (Continued)

The Organizations' financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 8,770,207	\$ 6,922,457
Accounts receivable	9,271,309	7,101,664
Current portion of pledge receivable, net	113,927	280,214
Investments	<u>15,016,768</u>	<u>12,832,339</u>
	33,172,211	27,136,674
Less: Amounts designated by the Board for endowment	(5,123,680)	(3,270,650)
Donor restricted net assets	<u>(8,442,744)</u>	<u>(7,615,334)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,605,787</u>	<u>\$ 16,250,690</u>

Should liquidity issues arise, the Organizations also have a committed line of credit in the amount of \$3,000,000. There were no amounts outstanding on the line of credit at June 30, 2025 and 2024.

4. INVESTMENTS

Composition

Investments consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,145,763	\$ 141,804
Money market funds	96,065	528,573
Mutual funds and exchange traded funds	13,773,190	11,662,039
Equity securities	1,750	1,760
Debt securities	<u>-</u>	<u>498,163</u>
	<u>\$ 15,016,768</u>	<u>\$ 12,832,339</u>

Fair Value Measurements

Assets measured at fair value on a recurring basis using the following input levels at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 96,065	\$ -	\$ -	\$ 96,065
Equity mutual funds	2,350,972	-	-	2,350,972
Bond mutual funds	1,438,342	-	-	1,438,342
Exchange traded funds	9,983,876	-	-	9,983,876
Equity securities	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>1,750</u>
	<u>\$ 13,871,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,871,005</u>

4. INVESTMENTS (Continued)

Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis using the following input levels at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 528,573	\$ -	\$ -	\$ 528,573
Equity mutual funds	1,537,660	-	-	1,537,660
Bond mutual funds	2,167,170	-	-	2,167,170
Exchange traded funds	7,957,209	-	-	7,957,209
Equity securities	1,760	-	-	1,760
Debt securities	<u>498,163</u>	<u>-</u>	<u>-</u>	<u>498,163</u>
	<u>\$ 12,690,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,690,535</u>

The measurement of the fair value of money market funds, equity and debt securities, and mutual and exchange traded funds were estimated using level 1 inputs, which are considered observable data that are based on the quoted market prices of the investments on the last business day of the fiscal year.

There were no changes in the valuation techniques during 2025 or 2024.

5. BENEFICIAL INTEREST IN PERPETUAL TRUST

Under the terms of a perpetual trust arrangement, a donor has established and funded a perpetual trust administered by a third party. Under the terms of the trust, the Organizations have the irrevocable right to receive distributions from the trust based on requests consistent with the purposes of the trust. The Organizations have recognized contribution revenue at the present value of the estimated payments to the Organizations for the next 100 years. The estimated present value of the payments was \$89,406 and \$86,187 for the years ended June 30, 2025 and 2024, respectively.

6. ENDOWMENT

The endowment composition by net asset classification consisted of the following at June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted:			
Investments	\$ -	\$ 4,608,458	\$ 4,608,458
Interest in perpetual trust	-	89,406	89,406
Board-designated investments	<u>3,373,190</u>	<u>-</u>	<u>3,373,190</u>
	<u>\$ 3,373,190</u>	<u>\$ 4,697,864</u>	<u>\$ 8,071,054</u>

6. ENDOWMENT (Continued)

The endowment composition by net asset classification consisted of the following at June 30, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted:			
Investments	\$ -	\$ 4,496,426	\$ 4,496,426
Interest in perpetual trust	-	86,187	86,187
Board-designated investments	<u>3,292,584</u>	<u>-</u>	<u>3,292,584</u>
	<u>\$ 3,292,584</u>	<u>\$ 4,582,613</u>	<u>\$ 7,875,197</u>

The Organizations had the following endowment-related activity for the years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 2,510,968	\$ 4,412,616	\$ 6,923,584
Investment return:			
Investment income	187,092	45,676	232,768
Net appreciation (realized and unrealized)	582,524	146,864	729,388
Change in value of perpetual trust	<u>-</u>	<u>1,122</u>	<u>1,122</u>
Total investment return	<u>769,616</u>	<u>193,662</u>	<u>963,278</u>
Other changes:			
Contributions	35,000	-	35,000
Satisfaction of restrictions	<u>(23,000)</u>	<u>(23,665)</u>	<u>(46,665)</u>
Total other changes	<u>12,000</u>	<u>(23,665)</u>	<u>(11,665)</u>
Endowment net assets, June 30, 2024	<u>3,292,584</u>	<u>4,582,613</u>	<u>7,875,197</u>
Investment return:			
Investment income	206,923	53,374	260,296
Net appreciation (realized and unrealized)	486,958	122,084	609,042
Change in value of perpetual trust	<u>-</u>	<u>3,219</u>	<u>3,219</u>
Total investment return	<u>693,881</u>	<u>178,677</u>	<u>872,558</u>
Other changes:			
Satisfaction of restrictions	<u>(613,275)</u>	<u>(63,426)</u>	<u>(676,701)</u>
Total other changes	<u>(613,272)</u>	<u>(63,426)</u>	<u>(676,701)</u>
Endowment net assets, June 30, 2025	<u>\$ 3,373,190</u>	<u>\$ 4,697,864</u>	<u>\$ 8,071,054</u>

The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation is classified as net assets with donor restrictions and was \$3,859,990 and \$3,856,771 at June 30, 2025 and 2024, respectively.

6. ENDOWMENT (Continued)

The Board of Directors has designated funds of \$5,123,680 and \$3,270,650 at June 30, 2025 and 2024, respectively, to fund special board initiatives not considered part of the annual operating budget. These are classified as net assets without donor restrictions.

Return Objectives, Risk Parameters, and Spending Policy

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the principal of the endowment assets. Endowment assets include donor-restricted funds that the Organizations must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested to provide long-term real growth of principal and income without undue exposure to risk.

The portfolio objective is to have moderate volatility and moderate risk. Debt securities must be of at least investment grade, and derivatives and foreign equity securities are prohibited, with limited exception for American Depository Receipts (ADRs).

The Organizations have a policy of appropriating for distribution income without donor restrictions from the endowment fund up to 5% of a rolling three-year average of the quarterly market value of the endowment portfolio. Amounts to be withdrawn are determined at year-end. In establishing this policy, the Organizations consider the long-term expected return on its endowment. Over a five-year period, the Organizations expect the current spending policy to allow its endowment to grow at an average rate of return of 9.0% annually. Actual returns in any given year may vary from these amounts.

For certain donor-restricted endowment gifts (comprising less than 15% of the total endowment funds to be maintained in perpetuity), the Organizations have limited spending to annual earnings in excess of 5% (with a \$2,000 overall spending limit for one particular gift).

Limiting the amount of endowment earnings available for spending pursuant to the aforementioned spending policy is consistent with the Organizations' objective to maintain the principal of the endowment assets as well as to provide additional real growth through new gifts and investment return. Unused earnings available for spending pursuant to the aforementioned spending policy are available to be spent in a subsequent year.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organizations rely 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 Organizations target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organizations' asset allocation of the endowment fund is 65% to 75% equities, 25% to 35% fixed income, and 5% to 10% alternative assets.

7. NET ASSETS

Net assets without donor restrictions consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Undesignated	\$ 13,123,938	\$ 7,604,232
Designated by the Board	5,123,680	3,270,650
Invested in property and equipment, net of mortgages	<u>3,338,373</u>	<u>3,338,054</u>
	<u>\$ 21,585,991</u>	<u>\$ 14,212,936</u>

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Capital campaign - Capital Modernization	\$ 2,052,121	\$ 1,312,351
Staff development and education	696,595	534,764
General education program needs	559,177	761,869
General residential needs	489,945	525,378
Capital campaign – Residential	174,962	185,198
United Way	147,127	283,591
Equipment and supplies	106,350	36,106
Residential – Garden	104,523	-
COVID-19 assistance	50,762	-
Residential improvements	19,200	-
East Henrietta recreation/therapy	19,118	19,118
Emergency family assistance	14,797	14,797
Staff recognition	12,022	-
Sensory room	10,138	10,138
Playground repair	10,116	10,116
Family and staff assistance	8,000	-
Capital campaign – Nurse’s Office	-	336
Other	<u>88,797</u>	<u>64,801</u>
	4,563,750	3,758,563
Subject to perpetual restrictions	<u>3,859,990</u>	<u>3,856,771</u>
	<u>\$ 8,423,740</u>	<u>\$ 7,615,334</u>

7. NET ASSETS (Continued)

Net assets were released from restriction as follows during the years ended June 30:

	<u>2025</u>	<u>2024</u>
General education program needs	\$ 17,650	\$ 104,701
United Way	-	75,158
Staff development and education	93,750	58,248
Capital campaign - Capital Modernization	-	46,945
COVID-19 assistance	39,720	18,869
General residential needs	1,049	12,615
Emergency family assistance	2,148	5,360
Equipment and supplies	10,995	1,457
Capital campaign – Nurse’s Office	336	-
Residential – Garden	637	-
Other	<u>6,458</u>	<u>1,339</u>
	<u>\$ 172,743</u>	<u>\$ 324,692</u>

8. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
School services	\$ 7,846,868	\$ 5,991,360
Medicaid	1,309,251	866,186
IDEA	40,076	57,998
United Way	37,862	62,496
Other	<u>37,252</u>	<u>123,624</u>
	<u>\$ 9,271,309</u>	<u>\$ 7,101,664</u>

Approximately 34% and 31% of the School services receivable was due from the Rochester City School District at June 30, 2025 and 2024, respectively.

9. PLEDGES RECEIVABLE

Pledges receivable have been received in conjunction with the Organizations’ general fund, capital, and building improvements. Pledges to be received after June 30, 2025 are recorded at their estimated net present value using a discount rate of 3%. Future payments to be received on the pledges receivable are as follows for the years ending June 30:

2026	\$ 130,569
2027	75,371
2028	<u>39,899</u>
	245,839
Discount to net present value	(26,787)
Allowance for uncollectible pledges	<u>(2,500)</u>
	<u>\$ 216,552</u>

10. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 373,143	\$ 373,143
Buildings and improvements	7,992,497	7,641,598
Furniture, fixtures and equipment	1,710,832	1,705,019
Vehicles	759,241	759,241
Construction in progress	<u>94,001</u>	<u>-</u>
	10,929,714	10,479,001
Less: Accumulated depreciation	<u>(6,461,206)</u>	<u>(5,918,758)</u>
	<u>\$ 4,468,508</u>	<u>\$ 4,560,243</u>

Depreciation expense was approximately \$542,000 and \$535,000 for the years ended June 30, 2025 and 2024, respectively.

11. LEASES

The Organizations have operating leases for facilities that expire at various dates through December 2029. Some of these leases have options to extend, however, these options are not included in the ROU assets and lease liabilities due to the nature and future direction of the Organization's leasing strategies being unclear. Short-term lease costs consist mainly of payments on space rental with original lease terms of one year or less that are expensed when incurred. Variable lease costs consist of the Organizations' pro rata share of utility and real estate tax expenses related to one of its facility leases and are expensed when incurred. The Organizations also have a finance lease for office equipment that expires September 2026.

The components of total lease cost for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Finance lease cost:		
Amortization of ROU assets	\$ 71,120	\$ 71,754
Interest on lease liabilities	5,906	9,166
Operating lease cost	1,962,029	2,173,330
Short-term lease cost	<u>46,367</u>	<u>25,675</u>
Total lease cost	<u>\$ 2,085,422</u>	<u>\$ 2,279,925</u>

11. LEASES (Continued)

Supplemental cash flow information related to leases for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 6,274	\$ 8,524
Financing cash flows from finance leases	\$ 72,309	\$ 62,232
Operating cash flows from operating leases	\$ 1,766,586	\$ 2,080,101
ROU assets obtained in exchange for lease obligations:		
Finance leases	\$ 25,346	\$ 226,770
Operating leases	\$ 1,147,425	\$ 2,570,078

Other information related to leases as of June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term:		
Finance leases	2.00 years	2.25 years
Operating leases	6.14 years	6.74 years
Weighted average discount rate:		
Finance leases	4.52%	4.68%
Operating leases	4.20%	4.52%

Maturities of lease liabilities as of June 30, 2025 were as follows:

	<u>Finance Leases</u>	<u>Operating Leases</u>
2026	\$ 82,766	\$ 1,699,573
2027	24,875	1,434,346
2028	5,577	1,326,567
2029	5,577	1,352,133
2030	4,183	1,376,160
Thereafter	-	<u>2,006,272</u>
Total lease payments	122,978	9,195,051
Less: present value discount	<u>(5,038)</u>	<u>(1,090,676)</u>
Total present value of lease liabilities	<u>\$ 117,940</u>	<u>\$ 8,104,375</u>

12. LINE OF CREDIT

The Organizations have an annually renewable line of credit with a bank which provides for maximum borrowings of \$3,000,000 that bear interest at the prime rate less 0.75%, with a floor of 3.25% (effective rate of 6.75% at June 30, 2025). There were no borrowings outstanding under this line of credit at June 30, 2025 and 2024.

13. LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Mortgage payable to a bank in monthly installments of \$3,812 including interest at a fixed rate of 3.52%, through February 2032, collateralized by a specific investment account.	\$ 270,989	\$ 306,374
Mortgage payable to a bank in monthly installments of \$4,657 including interest at 4.82%, through December 2029, collateralized by the related property. The interest rate resets every five years to the Federal Home Loan Bank (FHLB) loan rate plus 2.8%, with a floor of 4.8%.	226,979	269,363
Mortgage payable to a bank in monthly installments of \$4,298, including interest at 4.92%, through February 2044, collateralized by the related property. The interest rate resets every five years to the FHLB loan rate plus 2.75%, with a floor of 4.0%.	<u>632,167</u>	<u>646,452</u>
	1,130,135	1,222,189
Less: Current portion	<u>(103,436)</u>	<u>(98,918)</u>
	<u>\$ 1,026,699</u>	<u>\$ 1,123,271</u>

Future scheduled principal repayments on long-term debt are as follows for the years ending June 30:

2026	\$ 103,436
2027	115,925
2028	118,600
2029	118,294
2030	90,697
Thereafter	<u>583,183</u>
	<u>\$ 1,130,135</u>

14. PENSION PLANS

Defined Benefit Plan

The Organizations sponsor a defined benefit pension plan that was frozen as of May 31, 2006. There is no intention to terminate the plan at this time. Plan benefits are based on years of service and employee compensation. The Organizations' policy is to fund at least an amount necessary to satisfy the minimum funding requirements established by the Employee Retirement Income Security Act of 1974 (ERISA).

14. PENSION PLANS (Continued)

The Organizations recorded pension expense of \$400,293 and \$403,860 for the defined benefit plan for the years ended June 30, 2025 and 2024, respectively. These amounts are reflected as a component of fringe benefits and payroll taxes expense in the consolidated statement of functional revenue and expenses without donor restrictions.

Measurement Dates

The measurement date for the year-end benefit obligations and assets was June 30.

Obligations and funded status are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets at end of year	\$ 11,077,366	\$ 11,322,424
Benefit obligation at end of year	<u>(9,550,239)</u>	<u>(15,972,874)</u>
Funded status	<u>\$ 1,527,127</u>	<u>\$ (4,650,450)</u>
Accumulated benefit obligation	<u>\$ 9,550,239</u>	<u>\$ 15,972,874</u>
Benefits paid	<u>\$ 3,709,980</u>	<u>\$ 796,513</u>

Amounts recognized in the consolidated balance sheet consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Accrued pension cost - current liability	\$ 256,365	\$ 226,143
Accrued pension cost - non-current liability	<u>1,270,762</u>	<u>4,424,307</u>
	<u>\$ 1,527,127</u>	<u>\$ 4,650,450</u>

Weighted-average assumptions were as follows at June 30:

	<u>2025</u>	<u>2024</u>
Discount rate for expense determination	5.25%	5.00%
Discount rate for funded status determination	5.50%	5.25%
Expected long-term rate of return on plan assets	6.50%	6.50%

The expected long-term rate of return on assets assumption was developed with consideration to the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption.

14. PENSION PLANS (Continued)

Plan Assets

The target asset allocation for plan assets is 45%-55% equity securities, 40%-50% debt securities, and 5%-10% alternative investments. The portfolio objective is to have medium volatility and moderate risk. The debt securities must be of at least investment grade, and derivatives and foreign equity securities are prohibited, with limited exception for American Depository Receipts (ADRs).

The primary objective of the investment policy is to provide for long-term real growth of principal and income without undue exposure to risk, while maintaining the ability to pay obligations as they become due.

Pension assets measured at fair value on a recurring basis using the following input levels at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 2,027,040	\$ -	\$ -	\$ 2,027,040
Corporate obligations	-	558,696	-	558,696
U.S. Government securities	1,175,898	-	-	1,175,898
Mutual and exchange traded funds	3,600,871	-	-	3,600,871
Money market funds	<u>3,714,861</u>	<u>-</u>	<u>-</u>	<u>3,714,861</u>
	<u>\$ 10,518,670</u>	<u>\$ 558,696</u>	<u>\$ -</u>	<u>\$ 11,077,366</u>

Pension assets measured at fair value on a recurring basis using the following input levels at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 3,416,678	\$ -	\$ -	\$ 3,416,678
Corporate obligations	-	837,219	-	837,219
U.S. Government securities	1,548,400	-	-	1,548,400
Mutual and exchange traded funds	5,148,244	-	-	5,148,244
Money market funds	<u>371,883</u>	<u>-</u>	<u>-</u>	<u>371,883</u>
	<u>\$ 10,485,205</u>	<u>\$ 837,219</u>	<u>\$ -</u>	<u>\$ 11,322,424</u>

Fair value of the Plan's common stocks, U.S. Government securities, mutual and exchange traded funds, money market funds, and mortgage-backed securities is determined based on quoted market prices. Fair value of the Plan's corporate obligations is determined by entering standard inputs into a pricing model. These inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads and industry and economic events.

There were no changes in the valuation techniques during 2025 or 2024.

Contributions

The Organizations are expecting to owe \$24,057 to the Plan in fiscal 2026.

14. PENSION PLANS (Continued)

Estimated Future Benefit Payments

Estimated future benefit payments of the benefit plan are as follows for the years ending June 30:

2026	\$	802,401
2027	\$	601,985
2028	\$	586,235
2029	\$	718,780
2030	\$	777,232
Next 5 years	\$	3,826,474

Defined Contribution Plan

Effective January 1, 2006, the Organizations adopted a defined contribution retirement plan that covers substantially all employees who have attained 1,000 hours of service annually (as defined in the Plan). Contributions will be made by the Organizations at 3% of each participant's qualifying compensation (as defined in the Plan), less forfeitures. During April 2016, the Plan was restated, effective January 1, 2016. Amongst others, the significant changes affected employer contributions. The restatement changes the employer's contributions for the Plan year to be a discretionary amount rather than a fixed percentage of compensation. The discretionary contribution will then be allocated to eligible participants based on a pro-rata formula. The Organizations recorded contribution expense of \$393,284 and \$389,335 for the years ended June 30, 2025 and 2024, respectively.

403(b) Retirement Plan

The Organizations also have a 403(b) defined contribution plan covering all eligible employees. Employee elective deferrals may be made in the plan and no employer contributions are made.

15. DEFERRED COMPENSATION

The Organizations entered into an unfunded deferred compensation agreement with a key employee effective January 1, 2017. The purpose of the plan is to enable the employee to defer a portion of compensation and receive distributions upon severance from employment, retirement, disability or death. Contributions for each of the fiscal years ended June 30, 2025 and 2024 to the plan were \$15,000. Effective January 1, 2026, the employee is fully vested in these contributions.

The Organizations entered into an additional unfunded deferred compensation agreement with a second key employee effective September 1, 2017. The purpose of the plan is to enable the employee to defer a portion of compensation and receive distributions upon severance from employment, retirement, disability or death. Contributions for each of the fiscal years ended June 30, 2025 and 2024 to the plan were \$8,000. Effective January 1, 2029, the employee is fully vested in these contributions.

The liability of \$214,500 and \$191,500 as of June 30, 2025 and 2024, respectively, under these plans is recorded as deferred compensation in the consolidated balance sheet.

16. COMMITMENTS AND CONTINGENCIES

Third-Party Payors

Service providers who are funded by Medicaid have become the subject of increased scrutiny with respect to reimbursements they have received for service provision. Specific areas often reviewed by Medicaid auditors include appropriate billing practices, technical regulatory compliance, etc. The stated purpose for these reviews is to recover inappropriate reimbursements.

The Organizations have reviewed their internal records and policies with respect to such matters. However, since the laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation, it is difficult to estimate definitively the ultimate liability, if any, that may be incurred by the Organizations related to such matters.

Workers' Compensation Self-Insurance

The Organizations participated in a self-insurance trust (the Trust) with other participating organizations. The Organizations did not pay any premiums to the Trust during fiscal 2025 or 2024.

The participating organizations voluntarily closed the Trust effective December 31, 2011. Under the Trust agreement, each participating organization has joint and several liability for trust obligations. As of June 30, 2025 and 2024, the Trust believes they have managed the Trust to have enough assets to cover future claims, however they are unable to guarantee there will not be an additional assessment. Any additional liability will be recorded when known due to the amount not being estimable as of June 30, 2025 and 2024.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2025, which is the date the consolidated financial statements were available to be issued.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

Exhibit I

CONSOLIDATING BALANCE SHEET
JUNE 30, 2025

(With Comparative Totals for 2024)

					Total	
	Mary Cariola Children's Center, Inc.	Mary Cariola Foundation, Inc.	Total before Eliminations	Eliminations	2025	2024
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 5,464,713	\$ 3,305,494	\$ 8,770,207	\$ -	\$ 8,770,207	\$ 6,922,457
Accounts receivable	9,271,309	-	9,271,309	-	9,271,309	7,101,664
Current portion of pledges receivable, net	46,044	67,883	113,927	-	113,927	280,214
Other current assets	267,112	-	267,112	-	267,112	241,459
Total current assets	<u>15,049,178</u>	<u>3,373,377</u>	<u>18,422,555</u>	<u>-</u>	<u>18,422,555</u>	<u>14,545,794</u>
PROPERTY AND EQUIPMENT, net	<u>4,468,508</u>	<u>-</u>	<u>4,468,508</u>	<u>-</u>	<u>4,468,508</u>	<u>4,560,243</u>
OTHER ASSETS:						
Investments	4,555,530	10,461,238	15,016,768	-	15,016,768	12,832,339
Pledges receivable, net of current portion	-	102,625	102,625	-	102,625	49,820
Operating lease right-of-use assets	7,919,446	-	7,919,446	-	7,919,446	8,471,403
Finance lease right-of-use assets	114,616	-	114,616	-	114,616	161,448
Beneficial interest in perpetual trusts	89,406	-	89,406	-	89,406	86,187
Total other assets	<u>12,678,998</u>	<u>10,563,863</u>	<u>23,242,861</u>	<u>-</u>	<u>23,242,861</u>	<u>21,601,197</u>
Total assets	<u>\$ 32,196,684</u>	<u>\$ 13,937,240</u>	<u>\$ 46,133,924</u>	<u>\$ -</u>	<u>\$ 46,133,924</u>	<u>\$ 40,707,234</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Current portion of long-term debt	\$ 103,436	\$ -	\$ 103,436	\$ -	\$ 103,436	\$ 98,918
Due to/(from) related party	(531,607)	531,607	-	-	-	-
Accounts payable and other current liabilities	703,132	-	703,132	-	703,132	212,437
Accrued salaries, wages and related expenses	2,016,700	-	2,016,700	-	2,016,700	1,569,015
Current portion of liability for pension benefits	256,365	-	256,365	-	256,365	226,143
Current portion of operating lease liabilities	1,392,776	-	1,392,776	-	1,392,776	1,423,959
Current portion of finance lease liabilities	79,375	-	79,375	-	79,375	71,275
Current portion of deferred revenue	1,795,446	31,856	1,827,302	-	1,827,302	1,926,953
Total current liabilities	<u>5,815,623</u>	<u>563,463</u>	<u>6,379,086</u>	<u>-</u>	<u>6,379,086</u>	<u>5,528,700</u>
LONG-TERM LIABILITIES:						
Long-term debt, net of current portion	1,026,699	-	1,026,699	-	1,026,699	1,123,271
Liability for pension benefits, net of current portion	1,270,762	-	1,270,762	-	1,270,762	4,424,307
Deferred compensation	214,500	-	214,500	-	214,500	191,500
Deferred revenue, net of current portion	482,982	-	482,982	-	482,982	414,713
Operating lease liabilities, net of current portion	6,711,599	-	6,711,599	-	6,711,599	93,905
Finance lease liabilities, net of current portion	38,565	-	38,565	-	38,565	7,102,568
Total long-term liabilities	<u>9,745,107</u>	<u>-</u>	<u>9,745,107</u>	<u>-</u>	<u>9,745,107</u>	<u>13,350,264</u>
Total liabilities	<u>15,560,730</u>	<u>563,463</u>	<u>16,124,193</u>	<u>-</u>	<u>16,124,193</u>	<u>18,878,964</u>
NET ASSETS:						
Without donor restrictions -						
Operating	12,968,313	3,493,998	16,462,311	-	16,462,311	10,942,286
Board designated	1,750,490	3,373,190	5,123,680	-	5,123,680	3,270,650
Total net assets without donor restrictions	<u>14,718,803</u>	<u>6,867,188</u>	<u>21,585,991</u>	<u>-</u>	<u>21,585,991</u>	<u>14,212,936</u>
With donor restrictions	<u>1,917,151</u>	<u>6,506,589</u>	<u>8,423,740</u>	<u>-</u>	<u>8,423,740</u>	<u>7,615,334</u>
Total net assets	<u>16,635,954</u>	<u>13,373,777</u>	<u>30,009,731</u>	<u>-</u>	<u>30,009,731</u>	<u>21,828,270</u>
Total liabilities and net assets	<u>\$ 32,196,684</u>	<u>\$ 13,937,240</u>	<u>\$ 46,133,924</u>	<u>\$ -</u>	<u>\$ 46,133,924</u>	<u>\$ 40,707,234</u>

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2025

(With Comparative Totals for 2024)

	Mary Cariola Children's Center, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT:			
Contributions	\$ 9,289	\$ 287,725	\$ 297,014
United Way	-	80,156	80,156
Special events	-	-	-
Total public support	<u>9,289</u>	<u>367,881</u>	<u>377,170</u>
GOVERNMENT CONTRACTS:			
Tuition	32,961,361	-	32,961,361
Medicaid	11,149,405	-	11,149,405
Contracts for service	1,191,433	-	1,191,433
Other	1,545,630	-	1,545,630
Total government contracts	<u>46,847,829</u>	<u>-</u>	<u>46,847,829</u>
OTHER REVENUE			
	<u>257,233</u>	<u>-</u>	<u>257,233</u>
NET ASSETS RELEASED FROM RESTRICTIONS:			
	<u>109,318</u>	<u>(109,318)</u>	<u>-</u>
Total public support, government contracts and other revenue	<u>47,223,669</u>	<u>258,563</u>	<u>47,482,232</u>
EXPENSES:			
Program services -			
School age	22,960,443	-	22,960,443
1:1 Aide	19,141	-	19,141
Preschool	4,485,490	-	4,485,490
IDEA funding	889,890	-	889,890
Evaluations	7,680	-	7,680
Workshop	146,934	-	146,934
Residential	9,171,777	-	9,171,777
Family support services	219,996	-	219,996
Community habilitation	216,406	-	216,406
Respite	144,154	-	144,154
Health home	256,408	-	256,408
Cariola collaborative	379,033	-	379,033
Total program services	<u>38,897,352</u>	<u>-</u>	<u>38,897,352</u>
Supporting services -			
Agency administration	4,474,802	-	4,474,802
Fundraising	160,549	-	160,549
Total supporting services	<u>4,635,351</u>	<u>-</u>	<u>4,635,351</u>
Total expenses	<u>43,532,703</u>	<u>-</u>	<u>43,532,703</u>
CHANGES IN NET ASSETS BEFORE NON-OPERATING ACTIVITY			
	<u>3,690,966</u>	<u>258,563</u>	<u>3,949,529</u>
NON-OPERATING ACTIVITY:			
Investment income, net	405,045	-	405,045
Gain on investments, net	245,430	-	245,430
Change in funded status of pension plan	1,399,489	-	1,399,489
Change in value of beneficial interest in perpetual trust	-	3,218	3,218
Transfer of funds (to) from Foundation	(1,728,517)	(127,347)	(1,855,864)
Total non-operating activity	<u>321,447</u>	<u>(124,129)</u>	<u>197,318</u>
CHANGES IN NET ASSETS			
	4,012,413	134,434	4,146,847
NET ASSETS - beginning of year			
	<u>10,706,390</u>	<u>1,782,717</u>	<u>12,489,107</u>
NET ASSETS - end of year			
	<u>\$ 14,718,803</u>	<u>\$ 1,917,151</u>	<u>\$ 16,635,954</u>

Mary Cariola Foundation, Inc.			Total			
Without Donor Restrictions	With Donor Restrictions	Total	Total Before Eliminations	Eliminations	2025	2024
1,210,001	\$ 840,940	\$ 2,050,941	\$ 2,347,955	\$ -	\$ 2,347,955	\$ 1,868,703
-	-	-	80,156	-	80,156	174,479
178,595	-	178,595	178,595	-	178,595	178,470
1,388,596	840,940	2,229,536	2,606,706	-	2,606,706	2,221,652
-	-	-	32,961,361	-	32,961,361	26,870,074
-	-	-	11,149,405	-	11,149,405	9,250,648
-	-	-	1,191,433	-	1,191,433	1,220,219
-	-	-	1,545,630	-	1,545,630	1,366,209
-	-	-	46,847,829	-	46,847,829	38,707,150
27,684	-	27,684	284,917	-	284,917	413,477
63,425	(63,425)	-	-	-	-	-
1,479,705	777,515	2,257,220	49,739,452	-	49,739,452	41,342,279
-	-	-	22,960,443	-	22,960,443	21,088,165
-	-	-	19,141	-	19,141	29,287
-	-	-	4,485,490	-	4,485,490	4,134,337
-	-	-	889,890	-	889,890	784,027
-	-	-	7,680	-	7,680	60,601
-	-	-	146,934	-	146,934	167,141
-	-	-	9,171,777	-	9,171,777	8,368,667
-	-	-	219,996	-	219,996	217,581
-	-	-	216,406	-	216,406	230,711
-	-	-	144,154	-	144,154	134,875
-	-	-	256,408	-	256,408	192,276
-	-	-	379,033	-	379,033	477,050
-	-	-	38,897,352	-	38,897,352	35,884,718
-	-	-	4,474,802	-	4,474,802	3,977,973
1,014,841	-	1,014,841	1,175,390	-	1,175,390	1,055,536
1,014,841	-	1,014,841	5,650,192	-	5,650,192	5,033,509
1,014,841	-	1,014,841	44,547,544	-	44,547,544	40,918,227
464,864	777,515	1,242,379	5,191,908	-	5,191,908	424,052
263,039	53,374	316,413	721,458	-	721,458	492,925
497,874	122,084	619,958	865,388	-	865,388	1,009,700
-	-	-	1,399,489	-	1,399,489	1,297,115
-	-	-	3,218	-	3,218	1,122
2,134,865	(279,001)	1,855,864	-	-	-	-
2,895,778	(103,543)	2,792,235	2,989,553	-	2,989,553	2,800,862
3,360,642	673,972	4,034,614	8,181,461	-	8,181,461	3,224,914
3,506,546	5,832,617	9,339,163	21,828,270	-	21,828,270	18,603,356
\$ 6,867,188	\$ 6,506,589	\$ 13,373,777	\$ 30,009,731	\$ -	\$ 30,009,731	\$ 21,828,270

The accompanying notes are an integral part of these statements.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

**CONSOLIDATING STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED JUNE 30, 2025**

(With Comparative Totals for 2024)

Mary Cariola Children's Center, Inc.										
Program Services										
	School Age	1:1 Aide	Preschool	IDEA Funding	Evaluations	Workshop	Residential	Family Support Services	Community Habilitation	Respite
REVENUE:										
Public support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government contracts	28,229,255	15,151	4,990,605	925,668	493	-	11,508,622	227,765	267,013	84,818
Special events	-	-	-	-	-	-	-	-	-	-
Other	26,292	(232)	11,112	-	-	89,887	17,825	-	-	-
Total revenue	<u>28,255,547</u>	<u>14,919</u>	<u>5,001,717</u>	<u>925,668</u>	<u>493</u>	<u>89,887</u>	<u>11,526,447</u>	<u>227,765</u>	<u>267,013</u>	<u>84,818</u>
NET ASSETS RELEASED FROM RESTRICTIONS:										
	<u>24,908</u>	<u>-</u>	<u>5,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>28,280,455</u>	<u>14,919</u>	<u>5,007,185</u>	<u>925,668</u>	<u>493</u>	<u>89,887</u>	<u>11,528,417</u>	<u>227,765</u>	<u>267,013</u>	<u>84,818</u>
EXPENSES:										
Salaries	16,312,070	17,387	3,254,176	669,851	5,036	93,597	6,227,325	168,473	155,816	82,337
Fringe benefits and payroll taxes	3,332,973	1,754	640,783	140,229	(699)	32,869	1,365,802	31,353	31,791	19,739
Total salaries, fringe benefits and payroll taxes	19,645,043	19,141	3,894,959	810,080	4,337	126,466	7,593,127	199,826	187,607	102,076
Rent - building	1,687,513	-	272,401	1,681	2,439	10,097	30,167	-	-	-
Purchased services	350,476	-	58,439	-	-	-	85,930	6,119	7,126	4,357
Repairs and maintenance	344,144	-	46,150	44	298	592	277,403	-	9,367	4,880
Depreciation and amortization	162,488	-	21,334	-	257	-	366,596	-	4,633	28,961
Supplies and materials	283,939	-	33,297	48,090	-	5,492	136,644	-	175	298
Office supplies	81,665	-	38,721	-	-	-	32,129	36	1,686	555
Staff development	18,991	-	12,796	15,600	-	-	3,264	9,928	-	-
Recruitment	92,357	-	3,430	-	-	-	-	-	-	-
Insurance	67,757	-	8,878	-	27	3,845	99,847	148	3,243	302
Food	55	-	-	-	-	-	193,872	-	25	5
Equipment	25,315	-	66,182	-	-	-	17,132	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-
Communications	61,370	-	8,877	-	301	442	30,161	-	177	412
Professional dues and conferences	44,690	-	6,231	21	-	-	17,853	2,254	-	-
Utilities	24,483	-	-	-	-	-	67,621	-	-	1,867
Purchase of health services	41,079	-	9,721	3,600	-	-	39,501	-	-	-
Interest	3,257	-	713	-	21	-	74,320	-	-	-
Clinical supplies	6,276	-	1,163	-	-	-	59,132	-	388	-
Rent - equipment	-	-	26	-	-	-	-	-	-	-
Travel	5,490	-	891	1,624	-	-	10,412	1,685	1,979	258
Children's activities	9,317	-	1,214	150	-	-	11,806	-	-	-
Postage	20	-	-	-	-	-	665	-	-	-
Other	4,718	-	67	9,000	-	-	24,195	-	-	183
Total expenses before allocation of agency administration	22,960,443	19,141	4,485,490	889,890	7,680	146,934	9,171,777	219,996	216,406	144,154
Allocation of agency administration	2,571,665	2,154	494,707	120,531	864	16,531	1,031,182	24,751	24,414	16,219
Total expenses	<u>25,532,108</u>	<u>21,295</u>	<u>4,980,197</u>	<u>1,010,421</u>	<u>8,544</u>	<u>163,465</u>	<u>10,202,959</u>	<u>244,747</u>	<u>240,820</u>	<u>160,373</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING ACTIVITIES										
	<u>\$ 2,748,347</u>	<u>\$ (6,376)</u>	<u>\$ 26,988</u>	<u>\$ (84,753)</u>	<u>\$ (8,051)</u>	<u>\$ (73,578)</u>	<u>\$ 1,325,458</u>	<u>\$ (16,982)</u>	<u>\$ 26,193</u>	<u>\$ (75,555)</u>

Mary Cariola Children's Center, Inc.							Mary Cariola Foundation, Inc.			Total	
Program Services			Supporting Services								
Health Home	Cariola Collaborative	Program Services Total	Agency Administration	Fundraising	Supporting Services Total	Total	Fundraising	Total before Eliminations	Eliminations	2025	2024
\$ -	\$ -	\$ -	\$ 2,067	\$ 7,222	\$ 9,289	\$ 9,289	\$ 1,210,001	\$ 1,219,290	\$ -	\$ 1,219,290	\$ 1,078,791
178,366	420,073	46,847,829	-	-	-	46,847,829	-	46,847,829	-	46,847,829	38,707,150
-	-	-	-	-	-	-	178,595	178,595	-	178,595	178,470
-	-	144,884	111,503	846	112,349	257,233	27,684	284,917	-	284,917	413,477
178,366	420,073	46,992,713	113,570	8,068	121,638	47,114,351	1,416,280	48,530,631	-	48,530,631	40,377,888
-	-	32,346	76,972	-	76,972	109,318	63,425	172,743	-	172,743	313,058
178,366	420,073	47,025,059	190,542	8,068	198,610	47,223,669	1,479,705	48,703,374	-	48,703,374	40,690,946
186,817	175,447	27,348,332	2,331,482	-	2,331,482	29,679,814	466,317	30,146,131	-	30,146,131	27,932,241
45,140	32,863	5,674,597	473,728	3	473,731	6,148,328	89,360	6,237,688	-	6,237,688	5,636,903
231,957	208,310	33,022,929	2,805,210	3	2,805,213	35,828,142	555,677	36,383,819	-	36,383,819	33,569,144
11,825	4,103	2,020,226	147,412	-	147,412	2,167,638	14,223	2,181,861	-	2,181,861	2,192,980
-	-	512,447	746,825	-	746,825	1,259,272	121,450	1,380,722	-	1,380,722	943,950
1,609	668	685,155	29,417	-	29,417	714,572	2,059	716,631	-	716,631	714,109
1,028	-	585,297	28,270	-	28,270	613,567	-	613,567	-	613,567	605,207
-	-	507,935	-	1,859	1,859	509,794	16,316	526,110	-	526,110	516,359
3,884	808	159,484	211,582	2,998	214,580	374,064	19,372	393,436	-	393,436	516,359
304	137,181	198,064	18,289	56,686	74,975	273,039	32,867	305,906	-	305,906	359,817
-	-	95,787	164,348	-	164,348	260,135	23	260,158	-	260,158	359,817
143	2	184,192	54,724	-	54,724	238,916	168	239,084	-	239,084	217,795
-	-	193,957	1,514	6,771	8,285	202,242	2,928	205,170	-	205,170	199,352
-	-	108,629	61,169	3,379	64,548	173,177	-	173,177	-	173,177	163,113
-	-	-	79,520	-	79,520	79,520	39,945	119,465	-	119,465	161,173
1,230	-	102,970	14,788	-	14,788	117,758	1,325	119,083	-	119,083	122,384
-	-	71,049	31,113	583	31,696	102,745	850	103,595	-	103,595	122,384
-	-	93,971	-	-	-	93,971	-	93,971	-	93,971	122,384
-	-	93,901	-	-	-	93,901	-	93,901	-	93,901	101,112
85	-	78,396	768	-	768	79,164	88	79,252	-	79,252	71,852
-	-	66,959	-	-	-	66,959	-	66,959	-	66,959	67,315
-	-	26	40,045	-	40,045	40,071	-	40,071	-	40,071	29,883
3,613	130	26,082	3,667	-	3,667	29,749	282	30,031	-	30,031	25,268
-	-	22,487	-	1,898	1,898	24,385	-	24,385	-	24,385	29,883
-	-	685	15,592	-	15,592	16,277	3,131	19,408	-	19,408	19,338
730	27,831	66,724	20,549	86,372	106,921	173,645	113,708	287,353	-	287,353	298,469
256,408	379,033	38,897,352	4,474,802	160,549	4,635,351	43,532,703	924,412	44,457,115	-	44,457,115	41,529,447
28,915	42,645	4,374,578	(4,465,007)	-	(4,465,007)	(90,429)	90,429	-	-	-	-
285,323	421,678	43,271,930	9,795	160,549	170,344	43,442,274	1,014,841	44,457,115	-	44,457,115	41,529,447
<u>\$ (106,957)</u>	<u>\$ (1,605)</u>	<u>\$ 3,753,129</u>	<u>\$ 180,747</u>	<u>\$ (152,481)</u>	<u>\$ 28,266</u>	<u>\$ 3,781,395</u>	<u>\$ 464,864</u>	<u>\$ 4,246,259</u>	<u>\$ -</u>	<u>\$ 4,246,259</u>	<u>\$ (838,501)</u>

The accompanying notes are an integral of the exhibit.

MARY CARIOLA CHILDREN'S CENTER, INC. AND AFFILIATE

Exhibit IV

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for 2024)

					Total	
	Mary Cariola Children's Center, Inc.	Mary Cariola Foundation, Inc.	Total before Eliminations	Eliminations	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES:						
Change in net assets	\$ 4,146,847	\$ 4,034,614	\$ 8,181,461	\$ -	\$ 8,181,461	\$ 3,224,914
Adjustments to reconcile change in net assets to net cash flow from operating activities:						
Depreciation and amortization	613,567	-	613,567	-	613,567	605,207
Change in pension liability	(3,123,323)	-	(3,123,323)	-	(3,123,323)	(1,297,115)
Investment loss, net	(262,992)	(620,438)	(883,430)	-	(883,430)	(1,082,942)
Discount and allowance on pledges receivable	(8,277)	(10,201)	(18,478)	-	(18,478)	(20,002)
Increase in interest in perpetual trusts	(3,219)	-	(3,219)	-	(3,219)	(1,122)
Changes in:						
Accounts receivable	(2,169,645)	-	(2,169,645)	-	(2,169,645)	(1,349,350)
Pledges receivable	92,200	39,760	131,960	-	131,960	137,391
Other current assets	(25,653)	-	(25,653)	-	(25,653)	(1,174)
Due to/from related party	(198,108)	198,108	-	-	-	-
Accounts payable and other current liabilities	490,695	-	490,695	-	490,695	(253,018)
Accrued salaries, wages and related expenses	447,685	-	447,685	-	447,685	(70,697)
Workers compensation and unemployment reserve	-	-	-	-	-	(179,760)
Deferred compensation	23,000	-	23,000	-	23,000	23,000
Operating leases	129,805	-	129,805	-	129,805	93,230
Deferred revenue	(42,003)	10,621	(31,382)	-	(31,382)	735,668
Net cash flow from operating activities	<u>110,579</u>	<u>3,652,464</u>	<u>3,763,043</u>	<u>-</u>	<u>3,763,043</u>	<u>564,230</u>
CASH FLOW FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	47,608	1,938,806	1,986,414	-	1,986,414	1,957,740
Purchases of investments	(136,191)	(3,151,222)	(3,287,413)	-	(3,287,413)	(2,349,196)
Purchases of property and equipment	(450,712)	-	(450,712)	-	(450,712)	(420,788)
Net cash flow from investing activities	<u>(539,295)</u>	<u>(1,212,416)</u>	<u>(1,751,711)</u>	<u>-</u>	<u>(1,751,711)</u>	<u>(812,244)</u>
CASH FLOW FROM FINANCING ACTIVITIES:						
Repayments of long-term debt	(92,054)	-	(92,054)	-	(92,054)	(93,086)
Increase of financing lease liability	(71,528)	-	(71,528)	-	(71,528)	(66,969)
Net cash flow from financing activities	<u>(163,582)</u>	<u>-</u>	<u>(163,582)</u>	<u>-</u>	<u>(163,582)</u>	<u>(160,055)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(592,298)	2,440,048	1,847,750	-	1,847,750	(408,069)
CASH AND CASH EQUIVALENTS - beginning of year	<u>6,057,011</u>	<u>865,446</u>	<u>6,922,457</u>	<u>-</u>	<u>6,922,457</u>	<u>7,330,526</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 5,464,713</u>	<u>\$ 3,305,494</u>	<u>\$ 8,770,207</u>	<u>\$ -</u>	<u>\$ 8,770,207</u>	<u>\$ 6,922,457</u>

The accompanying notes are an integral part of these statements.