

TLC FAMILY RESOURCE CENTER, INC.

Financial Statements
(With Independent Auditors' Report)

June 30, 2025 and 2024

TLC FAMILY RESOURCE CENTER, INC.
June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors of
TLC Family Resource Center, Inc.
Claremont, New Hampshire

Opinion

We have audited the accompanying financial statements of TLC Family Resource Center, Inc. (a nonprofit corporation, the "Center"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Center's 2024 financial statements and we expressed an unmodified opinion on them in our report dated November 22, 2024. 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.

McSoley McCoy & Co.

South Burlington, Vermont
December 12, 2025
VT Reg. No. 92-349

TLC Family Resource Center, Inc.
Statement of Financial Position
June 30, 2025
(With Summarized Comparative Totals as of June 30, 2024)

| | June 30, 2025 | | | As of June 30, 2024 |
|---|-------------------------------|----------------------------|---------------------|------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Totals (Summarized) |
| Assets | | | | |
| Cash and cash equivalents | \$ 625,330 | \$ 216,672 | \$ 842,002 | \$ 659,441 |
| Accounts receivable | 288,166 | - | 288,166 | 308,644 |
| Grants receivable | - | 50,000 | 50,000 | 145,000 |
| Prepaid expenses | 1,587 | - | 1,587 | 2,187 |
| Security deposit | 2,000 | - | 2,000 | 2,000 |
| Operating lease right-of-use assets | 349,666 | - | 349,666 | 409,552 |
| Property and equipment, net | 446,429 | - | 446,429 | 474,918 |
| Total assets | \$ 1,713,178 | \$ 266,672 | \$ 1,979,850 | \$ 2,001,742 |
| Liabilities and net assets | | | | |
| Liabilities | | | | |
| Accrued expenses | \$ 152,556 | \$ - | \$ 152,556 | \$ 158,031 |
| Accounts payable | 22,528 | - | 22,528 | 38,266 |
| Operating lease liabilities | 363,041 | - | 363,041 | 425,043 |
| Bank loan payable | 64,063 | - | 64,063 | 73,379 |
| Total liabilities | 602,188 | - | 602,188 | 694,719 |
| Net assets | | | | |
| Without donor restrictions | 1,110,990 | - | 1,110,990 | 972,761 |
| With donor restrictions | - | 266,672 | 266,672 | 334,262 |
| Total net assets | 1,110,990 | 266,672 | 1,377,662 | 1,307,023 |
| Total liabilities and net assets | \$ 1,713,178 | \$ 266,672 | \$ 1,979,850 | \$ 2,001,742 |

See accompanying notes to financial statements

TLC Family Resource Center, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025
(With Summarized Comparative Totals for the Year Ended June 30, 2024)

| | Year Ended June 30, 2025 | | | Year Ended June 30, 2024 |
|---------------------------------------|-------------------------------|----------------------------|---------------------|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Totals (Summarized) |
| Support and revenue | | | | |
| Governmental support | \$ 935,963 | \$ - | \$ 935,963 | \$ 900,803 |
| Program fees | 1,315,543 | - | 1,315,543 | 1,196,160 |
| Foundations and trusts | 292,043 | 189,568 | 481,611 | 387,847 |
| Contributions | 57,986 | - | 57,986 | 72,219 |
| Interest income | 5,803 | - | 5,803 | 5,158 |
| Net assets released from restrictions | 257,158 | (257,158) | - | - |
| Total support and revenue | 2,864,496 | (67,590) | 2,796,906 | 2,562,187 |
| Expenses | | | | |
| Program services | | | | |
| Family support | 1,062,939 | - | 1,062,939 | 1,201,894 |
| Recovery programs | 1,100,021 | - | 1,100,021 | 1,053,331 |
| Youth programs | 159,418 | - | 159,418 | 130,719 |
| | 2,322,378 | - | 2,322,378 | 2,385,944 |
| Fundraising | 100,378 | - | 100,378 | 126,719 |
| Management and general | 303,511 | - | 303,511 | 328,796 |
| Total expenses | 2,726,267 | - | 2,726,267 | 2,841,459 |
| Change in net assets | 138,229 | (67,590) | 70,639 | (279,272) |
| Net assets, beginning of year | 972,761 | 334,262 | 1,307,023 | 1,586,295 |
| Net assets, end of year | \$ 1,110,990 | \$ 266,672 | \$ 1,377,662 | \$ 1,307,023 |

See accompanying notes to financial statements

TLC Family Resource Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Summarized Comparative Totals for the Year Ended June 30, 2024)

| | Year Ended June 30, 2025 | | | | | | | Year Ended |
|----------------------------------|--------------------------|----------------------|-------------------|---------------------------|---------------------------|-------------------|---------------------|---------------------|
| | Program Services | | | | Management and General | Fund- raising | Total Expenses | June 30, 2024 |
| | Family Support | Recovery Programs | Youth Programs | Total Program Services | | | | |
| Advertising and marketing | \$ 712 | \$ 5,603 | \$ 4,109 | \$ 10,424 | \$ - | \$ 1,907 | \$ 12,331 | \$ 21,706 |
| Computer and technology expenses | 32,872 | 26,844 | 2,422 | 62,138 | 5,461 | 882 | 68,481 | 68,870 |
| Contract services | 103,024 | 32,907 | 8,208 | 144,139 | - | 35,200 | 179,339 | 105,885 |
| Depreciation | 10,819 | 11,520 | 1,729 | 24,068 | 3,785 | 626 | 28,479 | 29,397 |
| Direct assistance | 45,027 | 31,249 | 30 | 76,306 | - | - | 76,306 | 112,918 |
| Employee benefits | 72,519 | 77,275 | 14,581 | 164,375 | 23,986 | 4,218 | 192,579 | 189,922 |
| Equipment rental and maintenance | 568 | 1,731 | 91 | 2,390 | 204 | 33 | 2,627 | 9,355 |
| Insurance | 3,358 | 3,699 | 830 | 7,887 | 1,870 | 302 | 10,059 | 8,412 |
| Interest | - | - | - | - | 2,410 | - | 2,410 | 2,526 |
| Mileage reimbursement | 11,166 | 10,618 | 233 | 22,017 | - | 117 | 22,134 | 22,647 |
| Occupancy | 46,292 | 102,258 | 7,111 | 155,661 | 7,930 | 2,578 | 166,169 | 160,983 |
| Operating supplies and expenses | 15,182 | 18,719 | 4,999 | 38,900 | 8,557 | 9,913 | 57,370 | 83,480 |
| Payroll taxes | 48,234 | 51,396 | 7,701 | 107,331 | 17,366 | 2,805 | 127,502 | 133,707 |
| Postage | 293 | 278 | 42 | 613 | 95 | 548 | 1,256 | 2,377 |
| Printing | 487 | 730 | 173 | 1,390 | 173 | 321 | 1,884 | 6,484 |
| Professional fees | 7,074 | 7,538 | 1,130 | 15,742 | 2,547 | 2,911 | 21,200 | 18,511 |
| Salaries and wages | 648,632 | 690,668 | 103,592 | 1,442,892 | 226,915 | 37,559 | 1,707,366 | 1,807,711 |
| Telephone | 10,796 | 14,937 | 1,885 | 27,618 | 1,927 | 458 | 30,003 | 34,672 |
| Training and development | 5,884 | 12,051 | 552 | 18,487 | 285 | - | 18,772 | 21,896 |
| Total expenses | \$ 1,062,939 | \$ 1,100,021 | \$ 159,418 | \$ 2,322,378 | \$ 303,511 | \$ 100,378 | \$ 2,726,267 | \$ 2,841,459 |

See accompanying notes to financial statements

TLC Family Resource Center, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Summarized Comparative Totals for the Year Ended June 30, 2024)

| | Year Ended June 30, 2025 | | | Year Ended June 30, 2024 |
|---|-------------------------------|----------------------------|-------------------|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Totals (Summarized) |
| Cash flows from operating activities: | | | | |
| Change in net assets | \$ 138,229 | \$ (67,590) | \$ 70,639 | \$ (279,272) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | | | |
| Depreciation | 28,479 | - | 28,479 | 29,397 |
| Amortization of operating lease right-of-use assets | 59,896 | - | 59,896 | 69,533 |
| (Increase) decrease in accounts receivable | 20,478 | - | 20,478 | (111,589) |
| Decrease in grants receivable | - | 95,000 | 95,000 | 145,000 |
| (Increase) decrease in prepaid expenses | 600 | - | 600 | (600) |
| Increase (decrease) in accounts payable | (15,738) | - | (15,738) | 11,528 |
| Increase (decrease) in accrued expenses | (5,475) | - | (5,475) | 37,916 |
| Decrease in operating lease liabilities | (62,002) | - | (62,002) | (123,021) |
| | | | | |
| Net cash provided (used) by operating activities | 164,467 | 27,410 | 191,877 | (221,108) |
| | | | | |
| Cash flows from financing activities | | | | |
| Principal payments on bank loan | (9,316) | - | (9,316) | (9,200) |
| | | | | |
| Increase (decrease) in cash and cash equivalents | 155,151 | 27,410 | 182,561 | (230,308) |
| | | | | |
| Cash and cash equivalents, beginning of year | 470,179 | 189,262 | 659,441 | 889,749 |
| | | | | |
| Cash and cash equivalents, end of year | <u>\$ 625,330</u> | <u>\$ 216,672</u> | <u>\$ 842,002</u> | <u>\$ 659,441</u> |
| | | | | |
| Supplemental disclosure of cash flow information | | | | |
| Interest paid | <u>\$ 2,410</u> | <u>\$ -</u> | <u>\$ 2,410</u> | <u>\$ 2,526</u> |

See accompanying notes to financial statements

TLC Family Resource Center, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. Summary of Operations and Significant Accounting Policies

TLC Family Resource Center, Inc. (the "Center") is a non-profit organization established in 2004 for the purpose of promoting the physical and emotional health and safety of women and families expecting infants or with young children. In 2012, services were expanded to include youth programming for teens, and in 2018, recovery support services were added. The Center serves individuals in New Hampshire's Sullivan and lower Grafton counties. Approximately 33% of the Center's revenue and support comes from governmental financial assistance, 47% from program services, and 20% from contributions.

(a) Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting under U.S. generally accepted accounting principles (U.S. GAAP). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

(b) Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time; and net assets without donor restrictions, which represent the expendable resources that are available for operations at management's discretion.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

(d) Property and Equipment

Property and equipment are stated at cost. Donations of property and equipment are recorded at their estimated fair value. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Additions and betterments with a value in excess of \$2,500 and with a useful life greater than one year are capitalized, and expenditures for repairs and maintenance are expensed when incurred. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in income.

(e) Accrued Compensated Absences

The Center provides each eligible employee with paid time off, which is accumulated on a pro-rata basis as actual hours are worked. Compensated absences accrue when amounts can be reasonably estimated and payment of compensation is probable.

TLC Family Resource Center, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Summary of Operations and Significant Accounting Policies (continued)

(f) Cash and Cash Equivalents

Cash and cash equivalents include all certificates of deposit and highly liquid investments with maturities of three months or less at the date of purchase. The Center maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses with these accounts. The Center also has a sweep account which allows the Center's cash accounts to maintain balances below the federally insured limits. Management believes the Center is not exposed to any significant credit risk on cash.

(g) Comparative Data

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

(h) Revenue Recognition

The Center's fees for programs and services provided are recognized when earned, which is within the time period covered by the services or program. The Center records contributions as with donor restrictions or without donor restrictions support depending on the existence or nature of donor restrictions. The Center reports gifts and grants of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as the Center's cost basis.

(i) Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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. Most expenses are allocated on the basis of estimates of average time and effort. Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported changes in net assets.

TLC Family Resource Center, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Summary of Operations and Significant Accounting Policies (continued)

(j) Receivables

Receivables are stated at the amount management expects to collect. The Center provides for probable uncollectible amounts through an allowance for accounts receivable based on its assessment of the current status of individual accounts. Unconditional promises to give, recorded as unconditional promises receivable, that are expected to be collected within one year are presented at net realizable value. Unconditional promises receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. Accounts and grants receivable as of June 30, 2025, June 30, 2024 and July 01, 2023 were \$338,166, \$453,644, and \$487,055, respectively.

The Center applies a current expected credit losses (CECL) model under ASC 326. The Center's primary allowance for credit losses is the allowance for doubtful accounts. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Management uses judgement in determining the relevant information and estimation methods that are appropriate in its circumstances. Receivables are written off against the allowance if a final determination of collectability is made. Management has not recorded an allowance as of June 30, 2025 and 2024 as management believes all amounts are deemed collectible.

(k) Income Taxes

The Center is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on income related to the fulfillment of the Center's mission. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Center annually files an Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax, tax return in the U.S. Federal jurisdiction. The Center is no longer subject to U.S. Federal income tax examination by tax authorities for the years prior to June 30, 2022. In the normal course of business, the Center is subject to examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the management of the Center believes that there are no significant unrecognized tax liabilities at June 30, 2025.

(l) Leases

The Center recognizes a right-of-use (ROU) asset and lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases are classified as operating or financing, with classification affecting the expense recognition on the statement of activities and changes in net assets.

Leases that have a term of twelve months or less upon commencement are considered short-term in nature. Short-term leases are not included on the statements of financial position and are expensed on a straight-line basis over the lease term. The Center has also elected to not separate lease and non-lease components for all classes of assets.

TLC Family Resource Center, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Summary of Operations and Significant Accounting Policies (continued)

The Center primarily leases office space. The Center determines if an arrangement is an operating or financing lease at inception. In evaluating whether an agreement constitutes a lease, management reviews the contractual terms to determine which party obtains both the economic benefits and control of the assets. In arrangements where the Center controls the assets and obtains the economic benefits, the Center accounts for the contract as a lease.

As the leases do not provide an implicit borrowing rate, the Center uses either the risk-free rate (“RFR”) or the estimated incremental borrowing rate (“IBR”) to determine the present value of the lease payments. The IBR is the rate of interest that the Center would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. In determining that rate, the Center considers prevailing economic conditions at the commencement date and factors such as company-specific credit risk, term of the lease and options, and the effect of collateralization based on the nature and quality of the underlying asset. The Center uses the IBR for office space.

Operating leases may include fixed minimum lease payments and variable lease payments based on an index or rate. Variable lease payments not based on an index or rate are not included in the operating lease liability as they cannot be reasonably estimated and are recognized in the period in which the obligation for those payments is incurred.

(m) Subsequent Events

Management has evaluated subsequent events through December 12, 2025, which is the date the financial statements were available to be issued.

2. Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Center is required to disclose certain information about its financial assets and liabilities. As of June 30, 2025 and 2024, the Center had no financial instruments subject to the disclosure requirements. Cash and cash equivalents, grants and accounts receivable, accounts payable, and accrued expenses are reported in the statements of financial position at their approximate fair values because of the short maturities of those instruments or because of the fixed rate of interest required to be paid.

3. Concentration of Support

The Center receives a significant portion of its support from federal and state programs. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center’s ability to continue its programs and activities.

4. Net Assets With Donor Restrictions

Net assets subject to donor imposed restrictions were \$266,672 and \$334,262 at June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, net assets are restricted for the following purposes: recovery, youth programming, and family support services.

TLC Family Resource Center, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

5. Retirement Plan

The Center has established a Simple IRA Retirement Plan for which all employees are eligible to participate in the Plan. Under the Plan, the Center provides a contribution equal to 2% of the employee's compensation. Employees are eligible to participate in the Plan on the next entry date following the date of their employment. Total retirement plan expense was \$32,639 and \$30,196 for the years ending June 30, 2025 and 2024, respectively.

6. Commitments and Contingencies

The Center receives funds under various state and federal programs. Under the terms of these programs, the Center is required to expend the funds within the designated period for purposes specified in the grant proposal. If expenditures of the funds are found not in compliance with the proposal, the Center may be required to return those funds to the grantor. The amount, if any, of expenses which may be disallowed by the granting agency cannot be determined at this time, although the Center expects such amounts, if any, to be insignificant.

7. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial position date, comprise the following:

| | <u>2025</u> | <u>2024</u> |
|---------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 625,330 | \$ 470,179 |
| Accounts receivable | <u>288,166</u> | <u>308,644</u> |
| Total financial assets | <u>\$ 913,496</u> | <u>\$ 778,823</u> |

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Center has various sources of liquidity at its disposal, including cash and cash equivalents and various receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The Center strives to maintain liquid cash reserves sufficient to cover 90 days of general expenditures. General expenditures include administrative, fundraising and operating expenses.

The Center receives the majority of its funding from grants and contributions which are available to meet annual cash needs for general expenditures. Some funding sources are restricted to specific programs, and are used in accordance with the associated purpose restrictions.

TLC Family Resource Center, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

8. Property and Equipment

Property and equipment consisted of the following at June 30:

| | Useful Life (Years) | 2025 | 2024 |
|-------------------------------|------------------------|------------|------------|
| Office equipment and software | 2-5 | \$ 72,754 | \$ 72,754 |
| Office furniture | 7 | 92,418 | 92,418 |
| Leasehold improvements | 39 | 451,607 | 451,607 |
| Total property and equipment | | 616,779 | 616,779 |
| Less accumulated depreciation | | (170,350) | (141,861) |
| Property and equipment, net | | \$ 446,429 | \$ 474,918 |

Depreciation expense totaled \$28,479 and \$29,397 for the years ended June 30, 2025 and 2024, respectively.

9. Operating Leases

The Center has various operating leases for office space. Below are the significant operating leases in place during 2025 and 2024.

62 Pleasant St, Claremont, NH: the Center leases 6,499 square feet of office space at 62 Pleasant St. The Center signed a 10 year lease in 2020 which will expire February 28, 2031. There are no definitive terms of renewal per the lease agreement, although management intends to renew based on mutually agreed upon terms at the time of renewal. Expense for 2025 and 2024 totaled \$63,672 and \$61,107, respectively.

24 Hanover St., Lebanon, NH: the Center leases 3,000 square feet of office space at 24 Hanover St. The Center signed a 3 year lease with monthly payments commencing October 1, 2023 which will expire May 31, 2026. There are no definitive terms of renewal per the lease agreement and renewal is dependent on the viability of the recovery programs. Expense for 2025 and 2024 totaled \$48,712 and \$36,325, respectively.

131 Broad St., Claremont, NH: the Center leases office space at 131 Broad St. The Center signed a one year lease in 2022 which expired September 30, 2023. The lease is now month to month. Expense for 2025 and 2024 totaled \$7,250 and \$7,200, respectively.

The Center leases meeting space at two other locations. The agreements for both locations are month to month. Both leases were terminated in December 2024. Expense for 2025 and 2024 totaled \$3,600 and \$7,200, respectively.

The weighted-average remaining lease term for operating leases is 5.35 and 6.13 years for the years ending June 30, 2025 and June 30, 2024, respectively. The weighted-average discount rate for operating leases is 3.25% for the years ending June 30, 2025 and 2024.

TLC Family Resource Center, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Operating Leases (continued)

The maturities of lease liabilities in accordance with *Leases (Topic 842)* are as follows for the years ending June 30:

| | | |
|-------------------------------|------------|-------------------|
| | 2026 | \$ 89,681 |
| | 2027 | 65,426 |
| | 2028 | 65,426 |
| | 2029 | 65,426 |
| | 2030 | 65,426 |
| | Thereafter | <u>43,618</u> |
| Total undiscounted cash flows | | 395,003 |
| Less: present value discount | | <u>(31,962)</u> |
| Total lease liabilities | | <u>\$ 363,041</u> |

10. Bank Loan Payable

In August 2020, the Center entered into a loan agreement with a local bank in the amount of \$100,000 with a term of ten and a half years maturing on February 14, 2031. For the first five and a half years the interest rate is 3.25% with a monthly payment of principal and interest of \$977. For the remaining five years, the interest rate will be the Wall Street Journal Prime Rate with a monthly payment of principal and interest of \$977.

Maturities by year are as follows:

| | | |
|--|--------------------|------------------|
| | Year Ended June 30 | |
| | 2026 | \$ 9,796 |
| | 2027 | 10,120 |
| | 2028 | 10,453 |
| | 2029 | 10,798 |
| | 2030 | 11,154 |
| | Thereafter | <u>11,742</u> |
| | Totals | <u>\$ 64,063</u> |