

JOE'S KIDS, INC.  
FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

CONTENTS

|                                                                                         |    |
|-----------------------------------------------------------------------------------------|----|
| Contents                                                                                | 1  |
| Independent Accountant's Review Report                                                  | 2  |
| Statements of Assets, Liabilities, and Net Assets – Income Tax Basis                    | 4  |
| Statements of Revenues, Expenses, and Other Changes in Net Assets –<br>Income Tax Basis | 6  |
| Statements of Functional Expenses – Income Tax Basis                                    | 7  |
| Statements of Cash Flows – Income Tax Basis                                             | 9  |
| Notes to Financial Statements                                                           | 11 |



110 S. Columbia Street  
Warsaw, IN 46580  
Phone: 574.267.8141  
Fax: 574.267.8008

825 N State Road 25  
Rochester, IN 46975  
Phone: 574.224.2727  
Fax: 574.224.8008

[www.dahmsyarian.com](http://www.dahmsyarian.com)

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Joe's Kids, Inc.  
Warsaw, Indiana

We have reviewed the accompanying financial statements of Joe's Kids, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – income tax basis, as of December 31, 2025 and 2024, and the related statements of revenues, expenses, and other changes in net assets – income tax basis, the statements of functional expenses – income tax basis, the statements of cash flows – income tax basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the entity uses for income tax purposes; this includes determining that the basis of accounting the entity uses for income tax purposes is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the basis of accounting the entity uses for income tax purposes. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Since 1943

We are required to be independent of Joe's Kids, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the entity uses for income tax purposes.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the entity uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Dahms & Garrison, Inc.".

Warsaw, Indiana  
July 2, 2026

## JOE'S KIDS, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND  
NET ASSETS - INCOME TAX BASIS  
Years ended December 31, 2025 and 2024

|                                | <u>2025</u>                | <u>2024</u>                |
|--------------------------------|----------------------------|----------------------------|
| ASSETS                         |                            |                            |
| CURRENT ASSETS                 |                            |                            |
| Cash and cash equivalents      | \$ 1,494,681               | \$ 635,248                 |
| Accounts receivable            | 220,700                    | 58,573                     |
| Prepaid expenses               | 5,461                      | 10,921                     |
| Total Current Assets           | <u>\$ 1,720,842</u>        | <u>\$ 704,742</u>          |
| PROPERTY AND EQUIPMENT         |                            |                            |
| Land                           | \$ 100,000                 | \$ 100,000                 |
| Buildings                      | 2,027,107                  | 2,025,457                  |
| Land improvements              | 124,690                    | 124,690                    |
| Computers and software         | 46,355                     | 31,186                     |
| Office furniture & equipment   | 637,300                    | 630,943                    |
| Construction in progress       | 938,690                    | 51,504                     |
|                                | <u>\$ 3,874,142</u>        | <u>\$ 2,963,780</u>        |
| Less: accumulated depreciation | 315,896                    | 191,297                    |
| Property and Equipment - Net   | <u>\$ 3,558,246</u>        | <u>\$ 2,772,483</u>        |
| OTHER ASSETS                   |                            |                            |
| Beneficial Interest in Assets  | <u>\$ 15,034</u>           | <u>\$ 13,584</u>           |
|                                | <u><u>\$ 5,294,122</u></u> | <u><u>\$ 3,490,809</u></u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND  
NET ASSETS - INCOME TAX BASIS (CONTINUED)  
Years ended December 31, 2025 and 2024

|                                       | <u>2025</u>         | <u>2024</u>         |
|---------------------------------------|---------------------|---------------------|
| LIABILITIES AND NET ASSETS            |                     |                     |
| CURRENT LIABILITIES                   |                     |                     |
| Credit cards payable                  | \$ 425              | \$ 8,346            |
| Current portion long-term debt        | <u>47,040</u>       | <u>44,974</u>       |
| Total Current Liabilities             | \$ 47,465           | \$ 53,320           |
| LONG-TERM LIABILITIES                 |                     |                     |
| Mortgage payable                      | \$ 812,027          | \$ 857,001          |
| Less: current portion                 | <u>(47,040)</u>     | <u>(44,974)</u>     |
| Total Long-Term Liabilities - Net     | \$ 764,987          | \$ 812,027          |
| Total Liabilities                     | \$ 812,452          | \$ 865,347          |
| NET ASSETS                            |                     |                     |
| Net assets without donor restrictions | \$ 3,242,532        | \$ 2,462,608        |
| Net assets with donor restrictions    | <u>1,239,138</u>    | <u>162,854</u>      |
| Total Net Assets                      | \$ 4,481,670        | \$ 2,625,462        |
|                                       | <u>\$ 5,294,122</u> | <u>\$ 3,490,809</u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

STATEMENTS OF REVENUES, EXPENSES, AND OTHER  
CHANGES IN NET ASSETS - INCOME TAX BASIS  
Years ended December 31, 2025 and 2024

|                                                                       | <u>2025</u>                | <u>2024</u>                |
|-----------------------------------------------------------------------|----------------------------|----------------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR<br>RESTRICTIONS:                  |                            |                            |
| Revenue and Gains                                                     |                            |                            |
| Contributions                                                         | \$ 410,006                 | \$ 742,490                 |
| Grants                                                                | 204,573                    | 127,039                    |
| Interest income                                                       | 27,541                     | 15,984                     |
| Miscellaneous income                                                  | 3,802                      | 5,149                      |
| Rental income                                                         | 1,938                      | 2,490                      |
| Tutoring income                                                       | 148,230                    | 143,718                    |
| Fundraising - net                                                     | 120,875                    | 266,590                    |
| Therapy services - net                                                | <u>1,676,618</u>           | <u>1,265,851</u>           |
| Total Revenue and Gains Without Donor<br>Restrictions                 | \$ 2,593,583               | \$ 2,569,311               |
| Net Assets Released from Restrictions                                 |                            |                            |
| Restrictions satisfied by payments                                    | <u>\$ 894,960</u>          | <u>\$ 1,166,541</u>        |
| Total Revenue, Gains, and Other<br>Support Without Donor Restrictions | \$ 3,488,543               | \$ 3,735,852               |
| EXPENSES AND LOSSES                                                   |                            |                            |
| Total Expenses and Losses                                             | <u>\$ 2,708,619</u>        | <u>\$ 2,355,409</u>        |
| INCREASE IN NET ASSETS<br>WITHOUT DONOR RESTRICTIONS                  | <u>\$ 779,924</u>          | <u>\$ 1,380,443</u>        |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS                         |                            |                            |
| Contributions                                                         | \$ 147,364                 | \$ 206,078                 |
| Grants                                                                | 1,821,903                  | 459,018                    |
| Appreciation of Beneficial Interest in Assets                         | 1,977                      | 1,014                      |
| Net Assets Released from Restrictions                                 | <u>(894,960)</u>           | <u>(1,166,541)</u>         |
| Increase (Decrease) in Net Assets with<br>Donor Restrictions          | <u>\$ 1,076,284</u>        | <u>\$ (500,431)</u>        |
| CHANGE IN NET ASSETS                                                  | \$ 1,856,208               | \$ 880,012                 |
| NET ASSETS AT BEGINNING OF YEAR                                       | <u>2,625,462</u>           | <u>1,745,450</u>           |
| NET ASSETS AT END OF YEAR                                             | <u><u>\$ 4,481,670</u></u> | <u><u>\$ 2,625,462</u></u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES - INCOME TAX BASIS

Year ended December 31, 2025

|                           | Total<br>Program    | Management<br>and General | Fundraising       | Total               |
|---------------------------|---------------------|---------------------------|-------------------|---------------------|
| Accounting and billing    | \$ -0-              | \$ 18,018                 | \$ -0-            | \$ 18,018           |
| Bad debt expense          | 20,902              | -0-                       | -0-               | 20,902              |
| Bank service charges      | 8,682               | 8,682                     | -0-               | 17,364              |
| Compliance                | 42,330              | -0-                       | -0-               | 42,330              |
| Depreciation              | 126,886             | 6,469                     | -0-               | 133,355             |
| Dues and subscriptions    | 5,112               | 11,773                    | -0-               | 16,885              |
| Employee appreciation     | 3,894               | 1,548                     | -0-               | 5,442               |
| Hiring expense            | 3,080               | 387                       | -0-               | 3,467               |
| Information technology    | 14,615              | 14,628                    | -0-               | 29,243              |
| Insurance                 | 22,776              | -0-                       | -0-               | 22,776              |
| IRA employer match        | 29,826              | 9,007                     | 1,706             | 40,539              |
| Marketing                 | 6,617               | 6,617                     | 11,123            | 24,357              |
| Meals                     | 682                 | 17                        | -0-               | 699                 |
| Mileage                   | -0-                 | 71                        | -0-               | 71                  |
| Miscellaneous             | 215                 | 1,219                     | -0-               | 1,434               |
| Office supplies           | 4,421               | 4,421                     | -0-               | 8,842               |
| Payroll Taxes             | 84,780              | 38,361                    | 4,350             | 127,491             |
| Postage and shipping      | 906                 | 905                       | -0-               | 1,811               |
| Printing and reproduction | 1,777               | 1,778                     | -0-               | 3,555               |
| Professional development  | 10,965              | 3,552                     | -0-               | 14,517              |
| Professional licensing    | 3,685               | -0-                       | -0-               | 3,685               |
| Refunds to patients       | 18,397              | -0-                       | -0-               | 18,397              |
| Interest expense          | 31,246              | 6,400                     | -0-               | 37,646              |
| Repairs and maintenance   | 80,554              | 24,645                    | -0-               | 105,199             |
| Salary and wages          | 1,198,217           | 570,502                   | 68,448            | 1,837,167           |
| Telephone and internet    | 6,377               | 6,377                     | -0-               | 12,754              |
| Therapy supplies          | 25,285              | -0-                       | -0-               | 25,285              |
| Translation services      | 4,381               | -0-                       | -0-               | 4,381               |
| Trash                     | 505                 | 506                       | -0-               | 1,011               |
| Travel                    | 355                 | 1,246                     | -0-               | 1,601               |
| Tutoring expenses         | 91,070              | 14,482                    | -0-               | 105,552             |
| Utilities                 | 18,880              | 3,867                     | -0-               | 22,747              |
| Equipment rental          | 48                  | 48                        | -0-               | 96                  |
| Fundraising expenses      | -0-                 | -0-                       | 108,903           | 108,903             |
| Total Expenses            | <u>\$ 1,867,466</u> | <u>\$ 755,526</u>         | <u>\$ 194,530</u> | <u>\$ 2,817,522</u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES - INCOME TAX BASIS

Year ended December 31, 2024

|                           | Total<br>Program    | Management<br>and General | Fundraising       | Total               |
|---------------------------|---------------------|---------------------------|-------------------|---------------------|
| Accounting and billing    | \$ -0-              | \$ 16,247                 | \$ -0-            | \$ 16,247           |
| Bad debt expense          | 8,776               | -0-                       | -0-               | 8,776               |
| Bank service charges      | 8,427               | 8,426                     | -0-               | 16,853              |
| Compliance                | 23,260              | -0-                       | -0-               | 23,260              |
| Depreciation              | 101,957             | 5,757                     | -0-               | 107,714             |
| Dues and subscriptions    | 3,199               | 12,592                    | -0-               | 15,791              |
| Employee appreciation     | 1,813               | 1,619                     | -0-               | 3,432               |
| Hiring expense            | 5,203               | 724                       | -0-               | 5,927               |
| Information technology    | 14,613              | 19,020                    | -0-               | 33,633              |
| Insurance                 | 18,538              | -0-                       | -0-               | 18,538              |
| IRA employer match        | 25,722              | 6,332                     | 2,175             | 34,229              |
| Marketing                 | 1,799               | 1,800                     | 2,811             | 6,410               |
| Meals                     | 19                  | -0-                       | -0-               | 19                  |
| Mileage                   | -0-                 | 42                        | -0-               | 42                  |
| Miscellaneous             | 386                 | 2,328                     | -0-               | 2,714               |
| Office supplies           | 7,090               | 7,091                     | -0-               | 14,181              |
| Payroll Taxes             | 69,749              | 34,094                    | 5,547             | 109,390             |
| Postage and shipping      | 1,071               | 1,071                     | -0-               | 2,142               |
| Printing and reproduction | 2,234               | 2,234                     | -0-               | 4,468               |
| Professional development  | 10,096              | 1,015                     | -0-               | 11,111              |
| Professional licensing    | 3,260               | -0-                       | -0-               | 3,260               |
| Refunds to patients       | 20,810              | -0-                       | -0-               | 20,810              |
| Interest expense          | 32,885              | 6,735                     | -0-               | 39,620              |
| Repairs and maintenance   | 65,562              | 17,749                    | -0-               | 83,311              |
| Salary and wages          | 985,477             | 505,840                   | 86,243            | 1,577,560           |
| Telephone and internet    | 6,380               | 6,380                     | -0-               | 12,760              |
| Therapy supplies          | 41,012              | 324                       | -0-               | 41,336              |
| Translation services      | 2,863               | -0-                       | -0-               | 2,863               |
| Travel                    | 94                  | -0-                       | -0-               | 94                  |
| Tutoring expenses         | 93,449              | 807                       | -0-               | 94,256              |
| Utilities                 | 19,521              | 3,999                     | -0-               | 23,520              |
| Campaign expenses         | 9,363               | 9,363                     | -0-               | 18,726              |
| Fundraising expenses      | -0-                 | -0-                       | 81,981            | 81,981              |
| Loss on asset disposal    | 2,416               | -0-                       | -0-               | 2,416               |
| Total Expenses            | <u>\$ 1,587,044</u> | <u>\$ 671,589</u>         | <u>\$ 178,757</u> | <u>\$ 2,437,390</u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

## STATEMENTS OF CASH FLOWS - INCOME TAX BASIS

Years ended December 31, 2025 and 2024

|                                                                                                   | <u>2025</u>                | <u>2024</u>              |
|---------------------------------------------------------------------------------------------------|----------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                              |                            |                          |
| Change in net assets                                                                              | \$ 1,856,208               | \$ 880,012               |
| Adjustments to reconcile change<br>in net assets to net cash provided<br>by operating activities: |                            |                          |
| Depreciation                                                                                      | 133,355                    | 107,714                  |
| In-Kind equipment contribution                                                                    | (3,000)                    | -0-                      |
| Realized (gain) loss on disposal of property<br>and equipment                                     | -0-                        | 2,416                    |
| (Increase) decrease in:                                                                           |                            |                          |
| Accounts receivable                                                                               | (162,127)                  | 5,935                    |
| Prepaid expenses                                                                                  | 5,460                      | (1,739)                  |
| Other assets                                                                                      | (1,450)                    | (511)                    |
| Increase (decrease) in:                                                                           |                            |                          |
| Credit cards payable                                                                              | <u>(7,921)</u>             | <u>7,270</u>             |
| Net Cash Provided by<br>Operating Activities                                                      | \$ 1,820,525               | \$ 1,001,097             |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                              |                            |                          |
| Construction in progress                                                                          | \$ (887,186)               | \$ (51,244)              |
| Purchase of fixed assets                                                                          | <u>(28,932)</u>            | <u>(1,401,191)</u>       |
| Net Cash Provided (Used) by<br>Investing Activities                                               | \$ (916,118)               | \$ (1,452,435)           |
| CASH FLOWS FROM FINANCING ACTIVITIES                                                              |                            |                          |
| Long-term loan repayments                                                                         | <u>\$ (44,974)</u>         | <u>\$ (42,999)</u>       |
| Net Cash Provided (Used) by<br>Financing Activities                                               | <u>\$ (44,974)</u>         | <u>\$ (42,999)</u>       |
| NET INCREASE (DECREASE) IN CASH                                                                   | \$ 859,433                 | \$ (494,337)             |
| CASH AND CASH EQUIVALENTS AT BEGINNING<br>OF YEAR                                                 | <u>635,248</u>             | <u>1,129,585</u>         |
| CASH AND CASH EQUIVALENTS AT END<br>OF YEAR                                                       | <u><u>\$ 1,494,681</u></u> | <u><u>\$ 635,248</u></u> |

See accompanying notes and independent accountant's review report.

## JOE'S KIDS, INC.

STATEMENTS OF CASH FLOWS - INCOME TAX BASIS (CONTINUED)  
Years ended December 31, 2025 and 2024

|                                                   | <u>2025</u> | <u>2024</u> |
|---------------------------------------------------|-------------|-------------|
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION |             |             |
| Cash paid for interest                            | \$ 37,645   | \$ 39,620   |

See accompanying notes and independent accountant's review report.

JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Joe's Kids, Inc. (Organization) is a not-for-profit organization incorporated in 2013 in the State of Indiana. The Organization is a pediatric rehabilitation center serving special needs children of Kosciusko County and surrounding areas. The Organization exists to help each child reach their maximum level of independence through physical, occupational, and speech therapy and tutoring.

Income Tax Basis of Accounting – The accompanying financial statements are presented on the basis of accounting used for income tax reporting. That basis differs from generally accepted accounting principles because the Organization has not recognized balances of trade payables and pledges receivable and their related effects on earnings.

Classification and Reporting of Net Assets - The Organization's financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities". Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. A description of the net asset classes follows:

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

Net assets without donor restrictions represent the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Net assets without donor restrictions include expendable funds available for the support of the Organization.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certificates of deposit are recorded at cost. Interest is recognized when received, consequently, accrued interest receivable has not been recorded. Interest is paid annually on certificates of deposit.

Advertising - The Organization expenses advertising costs as they are incurred because the probable future benefit of the advertising is short-term.

JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation - Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated tax basis useful lives of the related assets. The estimated useful lives used for the equipment, office furniture, building and land improvements are 3-39 years. Assets retired or otherwise disposed of are removed from the respective accounts, and any gain or loss is recognized in current income. The Organization capitalizes additions of property and equipment in excess of \$1,000 cost or fair value, if donated. The cost of maintenance and repair which does not extend the life of the asset is charged to current operations.

Accounts Receivable - Accounts are charged to bad debts expense as they are deemed uncollectible by the Organization. This is based upon the Organization's periodic review of accounts, consideration of economic conditions, business conditions, and collection efforts. All receivables are due within one year. Receivables from contracts with customers consisted of the following at December 31, 2025, 2024, and 2023; \$220,700, \$58,573, and \$64,508, respectively.

Revenue and Revenue Recognition - It is the Organization's policy to record contributions, grants, and investment earnings that are restricted as to time of use or purpose of use as net assets with donor restrictions, and then transfer them to net assets without donor restrictions once the restriction is met. This policy is applied even if the restriction is met within the same year the contribution, grant, or earnings are received or earned. All other contributions, grants, and earnings are recorded as net assets without donor restrictions depending on the absence or presence of donor restriction.

The Organization recognizes revenue from the sale of therapy services when the performance obligation of providing the services are met. Contributions are recognized when the donor makes payment to the Organization that is, in substance, unconditional.

Use of Estimates - The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Donated Materials and Services - Donated materials are recorded as contributions in the accompanying statements at fair value at date of receipt. Donated services are not recorded as a contribution in the accompanying statements.

JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2025 and 2024

NOTE B - DONATED MATERIALS AND SERVICES

During the years ended December 31, 2025 and 2024, the Organization received minimal donated materials. While the Organization does have volunteers and students who observe, the hours donated were not available. The Organization received donated pieces of equipment of \$3,000 and \$-0- and services of \$1,425 and \$-0- for the years ended December 31, 2025 and 2024, respectively. In accordance with Note A these services have not been recorded in the financial statements.

NOTE C - INCOME TAX

The Organization is incorporated as a not-for-profit under the laws of the State of Indiana and is exempt from federal and state income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. The Organization believes that it has appropriate support for tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2022.

NOTE D - CONCENTRATION OF REVENUE SOURCES

For the years ended December 31, 2025 and 2024, approximately 44% and 18%, respectively, of the Organization's revenue was derived from grants from other organizations. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

NOTE E – FUNDRAISING EXPENSES

Expenses relating to fundraising events in the amounts of \$108,903 and \$81,981 for the years ended December 31, 2025 and 2024, respectively; have been netted against fundraising income on the Statement of Revenues, Expenses, and other Changes in Net Assets – Income Tax Basis.

NOTE F - POSTRETIREMENT BENEFIT PLAN

The Organization has a SIMPLE plan covering all employees who receive at least \$5,000 in compensation for the calendar year. The Organization will make a matching contribution equal to the employee's salary reduction up to 3% of the employee's compensation. The matching contribution for the years ended December 31, 2025 and 2024 was \$40,539 and \$34,229, respectively.

JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2025 and 2024

NOTE G - CONCENTRATION OF CREDIT RISK

The definition of a financial instrument includes cash and demand deposits in banks. The demand deposits in banks in excess of \$250,000 per financial institution represents a concentration of credit risk within that account due to the limits of insurability as set forth by the Federal Deposit Insurance Corporation (FDIC). The Organization has a contractual right to receive currency on demand, and the bank has a contractual obligation to deliver currency on demand. In the case of a bank failure, accounts of deposits in excess of that federally insured amount may be subject to loss. From time to time, the Organization may have amounts on deposit in excess of FDIC limits. The Organization's deposits exceeded federally insured limits by \$1,258,678 and \$395,002 at December 31, 2025 and 2024, respectively.

NOTE H – COST ALLOCATION

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of time and effort estimates; occupancy and maintenance costs, which are allocated on a square footage basis; and office expenses and repairs, which are allocated based on usage studies conducted by management annually.

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,715,381 financial assets, consisting of cash of \$1,494,681 and accounts receivable of \$220,700. Financial assets totaling \$1,224,104 are subject to donor restrictions that make them unavailable for general expenditures within one year of the balance sheet date. Net financial assets available for general expenditures within one year total \$491,277. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. The available financial assets may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 2, 2026, the date on which the financial statements were available to be issued. The Organization continues to raise money thru the capital campaign and make renovations to the new facility.

## JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2025 and 2024

## NOTE K – ENDOWMENT FUNDS

The Organization has transferred restricted net assets to the Kosciusko County Community Foundation (the "Foundation") which is holding them as an endowed component fund ("Fund") for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies which currently result in a distribution to the Organization of 4% of the average quarterly value over the previous 20 quarters. The Organization reports the fair value of the Fund as provided by the Foundation as Beneficial Interest in Assets in the Statements of Assets, Liabilities, and Net Assets – Income Tax Basis and reports distributions received as a reduction in the carrying value of the beneficial interest. Changes in the value of the Fund are reported as appreciation of beneficial interest in assets in the Statements of Revenues, Expenses, and Other Changes in Net Assets – Income Tax Basis.

|                               | <u>Restricted</u> |
|-------------------------------|-------------------|
| Balance at January 1, 2025    | \$ 13,584         |
| Amounts invested in Fund      | -0-               |
| Share of appreciation of fund | 1,977             |
| Less: Distributions           | 527               |
| Balance at December 31, 2025  | <u>\$ 15,034</u>  |

## NOTE L – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, as of December 31, 2025 and 2024, are restricted for the following purposes:

| Restricted                            | <u>2025</u>         | <u>2024</u>       |
|---------------------------------------|---------------------|-------------------|
| Tutoring                              | \$ 8,058            | \$ 105,225        |
| Building capital campaign             | 1,216,046           | 44,045            |
| Beneficial Interest in the Foundation | <u>15,034</u>       | <u>13,584</u>     |
|                                       | <u>\$ 1,239,138</u> | <u>\$ 162,854</u> |

## JOE'S KIDS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2025 and 2024

## NOTE M – NOTES PAYABLE

Notes payable consisted of the following at December 31, 2025 and 2024:

|                                                                                                                                                                        | <u>2025</u>              | <u>2024</u>              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Line of Credit – Lake City Bank; \$300,000 demand note with monthly accrued interest payments at 8.5%; secured by inventory, accounts, and equipment; due August 2028. | \$ -0-                   | \$ -0-                   |
| Mortgage payable – First United Methodist Church; monthly payments of \$6,885 including interest at 4.5%; secured by a building; due January 2039.                     | <u>812,027</u>           | <u>857,001</u>           |
|                                                                                                                                                                        | \$ 812,027               | \$ 857,001               |
| Less: current portion                                                                                                                                                  | <u>47,040</u>            | <u>44,974</u>            |
| Long-Term Liabilities – Net                                                                                                                                            | <u><u>\$ 764,987</u></u> | <u><u>\$ 812,027</u></u> |

Estimated maturities on long-term liabilities are as follows:

|      |           |
|------|-----------|
| 2026 | \$ 47,040 |
| 2027 | \$ 49,201 |
| 2028 | \$ 51,462 |
| 2029 | \$ 53,826 |
| 2030 | \$ 56,299 |