

**THE HUB HOUSTON, INC.**

FINANCIAL REPORT

JUNE 30, 2025

## CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position - modified cash basis	2
Statement of activities - modified cash basis	3
Statement of functional expenses - modified cash basis	4
Statement of cash flows - modified cash basis	5
Notes to financial statements	6 - 13

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The HUB Houston, Inc.  
Houston, Texas

### **Opinion**

We have audited the accompanying financial statements of The HUB Houston, Inc. (a nonprofit organization) which comprise the statement of financial position - modified cash basis as of June 30, 2025, and the related statements of activities - modified cash basis, functional expenses - modified cash basis and cash flows - modified cash basis 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 The HUB Houston, 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 a modified cash basis of accounting.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 HUB Houston, Inc., 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.

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a modified cash basis of accounting, and for the design, implementation and maintenance of internal controls 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 HUB Houston, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 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, 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 a modified cash basis of accounting, 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 HUB Houston, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The HUB Houston, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Cornelius Financial Advisory, P.C.*

Houston, Texas  
August 29, 2025

**THE HUB HOUSTON, INC.**  
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS  
June 30, 2025

ASSETS

Cash and cash equivalents	\$ 935,405
Marketable securities	1,182,462
Property and equipment, net	903,139
Other assets	<u>271</u>
Total assets	<u><u>\$ 3,021,277</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 41,772
Lease liability	<u>163,189</u>
Total liabilities	<u>204,961</u>

NET ASSETS

Without donor restrictions	2,515,133
With donor restrictions	<u>301,183</u>
Total net assets	<u>2,816,316</u>
Total liabilities and net assets	<u><u>\$ 3,021,277</u></u>

See accompanying notes.

**THE HUB HOUSTON, INC.**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
<b>REVENUES AND OTHER SUPPORT</b>			
Membership fees	\$ 1,587,711	\$ -	\$ 1,587,711
Contributions	409,827	131,091	540,918
Aspire sales	163,876	-	163,876
Investment income	156,349	-	156,349
Other income	8,011	-	8,011
Net assets released from restrictions	132,405	(132,405)	-
<b>Total revenues and other support</b>	<u>2,458,179</u>	<u>(1,314)</u>	<u>2,456,865</u>
<b>EXPENSES:</b>			
<b>Program services</b>			
High School	611,790	-	611,790
Life 101	755,282	-	755,282
Club HUB	46,562	-	46,562
Aspire	407,092	-	407,092
	<u>1,820,726</u>	<u>-</u>	<u>1,820,726</u>
<b>Supporting services</b>			
Management and general	432,925	-	432,925
Fundraising	22,973	-	22,973
<b>Total support services</b>	<u>455,898</u>	<u>-</u>	<u>455,898</u>
<b>Total expenses</b>	<u>2,276,624</u>	<u>-</u>	<u>2,276,624</u>
Change in net assets from operations	181,555	(1,314)	180,241
Net assets, beginning of year	<u>2,333,578</u>	<u>302,497</u>	<u>2,636,075</u>
Net assets, end of year	<u><u>\$ 2,515,133</u></u>	<u><u>\$ 301,183</u></u>	<u><u>\$ 2,816,316</u></u>

See accompanying notes.

**THE HUB HOUSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
Year Ended June 30, 2025

	Program Services				Management and General	Fundraising	Total
	High School	Life 101	Club HUB	Aspire			
Salaries and related expense	\$ 548,931	\$ 598,746	\$ 37,877	\$ 232,324	\$ 292,125	\$ -	\$ 1,710,003
Cost of sales	-	-	-	64,700	-	-	64,700
Development	-	-	-	-	-	22,973	22,973
Office expenses	-	-	-	5,582	14,815	-	20,397
Repairs and maintenance	4,735	4,735	-	-	-	-	9,470
Cleaning	5,793	5,793	-	-	-	-	11,586
Vehicle expenses	-	-	-	-	6,671	-	6,671
Insurance	-	-	-	557	36,135	-	36,692
Rent	-	81,300	-	28,004	-	-	109,304
Utilities	14,111	12,248	-	2,768	-	-	29,127
Bank fees	-	-	-	-	11,765	-	11,765
Financial services	-	-	-	-	7,385	-	7,385
Postage and shipping	-	-	-	4,645	-	-	4,645
Supplies	2,600	3,414	-	-	-	-	6,014
Other expenses	35,620	49,046	8,685	12,100	26,146	-	131,597
Travel	-	-	-	5,995	-	-	5,995
Interest expense	-	-	-	6,299	-	-	6,299
Amortization	-	-	-	44,118	-	-	44,118
Depreciation	-	-	-	-	37,883	-	37,883
<b>Total expenses</b>	<b>\$ 611,790</b>	<b>\$ 755,282</b>	<b>\$ 46,562</b>	<b>\$ 407,092</b>	<b>\$ 432,925</b>	<b>\$ 22,973</b>	<b>\$ 2,276,624</b>

See accompanying notes.

**THE HUB HOUSTON, INC.**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
Year Ended June 30, 2025

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from program service fees, public support and government grants	\$ 2,169,425
Investment income received	96,817
Cash paid to suppliers	(461,627)
Cash paid for employee compensation, benefits and taxes	<u>(1,710,003)</u>
Net cash provided by (used in) operating activities	<u>94,612</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital expenditures	<u>(64,554)</u>
Net cash provided by (used in) investing activities	<u>(64,554)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Lease liability	<u>(33,967)</u>
Net cash provided by (used in) financing activities	<u>(33,967)</u>

**INCREASE (DECREASE) IN CASH** (3,909)

**CASH AND CASH EQUIVALENTS, beginning of year** 875,873

**CASH AND CASH EQUIVALENTS, end of year** \$ 871,964

**RECONCILIATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	<u>\$ 180,241</u>
Adjustments to reconcile excess of support and revenue provided by operating activities:	
Depreciation	37,883
Amortization	44,118
Marketable securities	(126,845)
(Increase) decrease in other assets	879
Increase (decrease) in accounts payable	<u>22,114</u>
Net cash provided by (used in) operating activities	<u><u>\$ 158,390</u></u>

**Supplemental disclosures of cash flow information:**

Cash paid during the year for:	
Interest	<u>\$ 6,299</u>

**Noncash investing and financing activities:**

The Organization obtained a right-of-use asset in exchange for a lease liability in 2025.

See accompanying notes.

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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

Organization:

The HUB Houston, Inc. (the Organization), a nonprofit organization, is incorporated under the laws of the State of Texas for the purpose of offering a safe environment for Student Members to socialize, develop friendships, enhance relationships, and benefit from interactions through community service and group support. Founded in 2015 as a non-residential educational organization servicing the neurodiverse community in Houston and surrounding areas, the Organization offers four distinctive programs for teenagers to young adults:

- **The HUB High School**  
A community-based educational program using a hands on approach with an emphasis on a project based high school curriculum.
- **Life 101**  
A bridge for recent graduates who continue to work and build upon academic goals as well as learn new skills for employment, socialization, and community inclusion.
- **Club HUB**  
A traditional social group providing afternoon, evening, and weekend social engagement opportunities for young adults.
- **Aspire Accessories**  
A work transition program that provides a solution to what is known as the "services cliff" - the result of the neurodiverse population aging out of supported services in school-based environments.

Basis of accounting:

The Organization's policy is to prepare its financial statements on a modified cash basis of accounting, whereby depreciation is provided using accelerated methods allowed for tax reporting, and membership fees are recorded when received. Such revenues would, under accounting principles generally accepted in the United States of America, be accrued for as earned.

Basis of presentation:

The financial statements of the Organization have been prepared in accordance with a modified cash basis of accounting, which require The HUB Houston, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Organization and Summary of Significant Accounting Policies (continued)**

Net assets with donor restrictions: Net assets subject to stipulation imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services and interest earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents:

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of June 30, 2025, the Organization had no contributions receivable.

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Organization and Summary of Significant Accounting Policies (continued)**

Property and equipment, net:

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to forty years. The HUB Houston, Inc.'s policy is to capitalize renewals and betterments acquired for greater than \$2,000 and expense normal repairs and maintenance as incurred. The HUB Houston, Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Fair Value Measurements:

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritized investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Quoted prices in active markets for identical assets and liabilities.

Level 2 Significant other observable inputs.

Level 3 Significant unobservable inputs.

The following tables set forth the fair value of the Organization's assets as of June 30, 2025.

	<u>Assets at Fair Value as of June 30, 2025</u>	
	<u>Total</u>	<u>Level 1</u>
Marketable securities		
Equities	\$ 757,368	\$ 757,368
Fixed Income	<u>425,094</u>	<u>425,094</u>
Investments at fair value	<u>\$ 1,182,462</u>	<u>\$ 1,182,462</u>

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Organization and Summary of Significant Accounting Policies (continued)**

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind donations:

Several volunteers have made significant contributions of their time in furtherance of The HUB Houston, Inc.'s mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort, as well as depreciation and occupancy, which are allocated on a square foot basis.

Estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Organization and Summary of Significant Accounting Policies (continued)**

Revenue and Revenue Recognition:

The Organization recognizes revenue from membership fees during the year in which the fees are received. The performance obligation of delivering educational services is simultaneously received and consumed by the students. Donor-restricted scholarship funds are reported as net assets with donor restrictions until amounts are appropriated for expenditure, at which time they are released from restriction and recognized as scholarship expense within program services.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Income taxes:

The HUB Houston, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2021.

Operating leases:

Operating right-of-use assets are recognized at the present value of the lease payments at inception of the lease. Operating right-of-use assets are amortized so that lease costs remain constant over the lease term. The HUB Houston, Inc. uses a risk-free discount rate as the discount rate when the rate implicit in a lease is not readily determinable. Short-term leases with terms of 12 months or less are recognized as expense on a straight-line basis over the lease term.

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Availability and Liquidity**

The following represents The HUB Houston, Inc.'s financial assets at June 30, 2025:

Financial assets at year-end:		
Cash and cash equivalents	\$	935,405
Total financial assets		935,405
Less amounts not available for general expenditure:		
Net assets with donor restrictions		301,183
Financial assets available to meet general expenditures over the next twelve months		\$ 634,222

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing educational activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Organization relies primarily on membership fees and contributions to provide for the expenditures related to providing programs.

**Note 3. Property and Equipment, net**

Property and equipment, net consisted of the following at June 30, 2025:

	<u>Estimated Life</u>		
Land		\$	256,700
Buildings	30 years		498,300
Motor vehicles	5 years		89,677
Equipment and fixtures	5 years		26,750
Right-of-use asset	3 years		197,155
			1,068,582
Less accumulated depreciation and amortization			165,443
		\$	903,139

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Leases**

The Organization leases a facility to operate one of the programs, with a 38 month term beginning November 1, 2024. A right-of-use asset has been recorded based on the present value of the remaining lease payments, discounted at 4.5%, and is presented on the balance sheet as part of the Organization's property and equipment and is being amortized over the remaining life of the asset, which is the lease term. Right-of-use assets and lease liabilities for the operating lease, and the associated balance sheet classifications, are as follows:

Balance Sheet Classifications

Right-of-use asset		\$ 197,155
Accumulated amortization		(44,118)
Right-of-use asset, net	Property and equipment	\$ 153,037
Lease liabilities	Liabilities	\$ 163,189

The components of total lease cost were as follows:

Right-of-use asset amortization	\$ 44,118
Interest expense	6,299
	\$ 50,417

Future undiscounted lease payments for leases with initial terms of one year or more as of June 30, 2025 are as follows:

2026	\$ 64,419
2027	71,928
2028	36,261
	172,608
Less imputed interest	9,419
Net lease liabilities	\$ 163,189

**THE HUB HOUSTON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Net Assets**

Net assets with donor restrictions were as follows for the years ended June 30, 2025:

Specific Purpose:

National Senior Campuses	\$ 9,667
Employability and job coaches	11,952
HUB financial aid	26,004
Greater Houston Community Foundation	3,020
Aspire Scholarship Fund	21,761
Aspire Buildout	50,000
Evening Under the Stars	167,386
Marker Coach Fund	11,393
	11,393
	\$ 301,183

Net assets without donor restrictions for the years ended June 30, 2025 are as follows:

Undesignated	\$ 2,515,133
Board-designated net assets	-
	-
	\$ 2,515,133

Net assets released from net assets with donor restrictions are as follows:

Specific purpose	\$ 132,405
Passage of time	-
	-
	\$ 132,405

**Note 6. Subsequent Events**

The Organization has evaluated subsequent events through August 29, 2025, which is the date the financial statements were available to be issued.