



A Home for Every Child

4KIDS OF SOUTH FLORIDA, INC.
and SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Opinion

We have audited the accompanying consolidated financial statements of 4KIDS of South Florida, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 4KIDS of South Florida, Inc. and Subsidiaries as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of 4KIDS of South Florida, Inc. and Subsidiaries 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 audits opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 4KIDS of South Florida, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' 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.

Capin Crouse LLC

Lawrenceville, Georgia
March 13, 2026

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 2,366,369	\$ 3,952,800
Accounts and other receivables	784,487	723,027
Pledges receivable	209,959	434,792
Prepaid expenses and other assets	127,521	304,805
Operating leases right-of-use assets	111,743	195,701
Property and equipment–net	7,170,641	7,404,336
Total Assets	\$ 10,770,720	\$ 13,015,461
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 818,664	\$ 819,776
Operating leases right-of-use obligations	127,328	211,935
Mortgage note payable	480,000	473,756
Total liabilities	1,425,992	1,505,467
Net assets:		
Without donor restrictions	8,625,229	9,914,655
With donor restrictions	719,499	1,595,339
Total net assets	9,344,728	11,509,994
Total Liabilities and Net Assets	\$ 10,770,720	\$ 13,015,461

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 6,466,870	\$ 1,211,501	\$ 7,678,371
Special events	905,766	-	905,766
	7,372,636	1,211,501	8,584,137
Revenue:			
Government and private funding	3,776,447	-	3,776,447
Rental	91,730	-	91,730
Program services	294,282	-	294,282
Other	170,917	-	170,917
	4,333,376	-	4,333,376
Total Support and Revenue	11,706,012	1,211,501	12,917,513
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	2,087,341	(2,087,341)	-
EXPENSES:			
Program services:			
Foster care	3,049,007	-	3,049,007
EPIC Program	3,191,661	-	3,191,661
Residential foster care	1,022,549	-	1,022,549
Community engagement	1,314,034	-	1,314,034
His Caring Place	338,418	-	338,418
TIL 2:25	539,340	-	539,340
CarePortal	871,347	-	871,347
HopeConnect	318,985	-	318,985
	10,645,341	-	10,645,341

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2025

(continued)

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	1,632,022	-	1,632,022
Fundraising:			
Donor relations	2,245,846	-	2,245,846
Marketing	559,570	-	559,570
	2,805,416	-	2,805,416
	4,437,438	-	4,437,438
Total Expenses	15,082,779	-	15,082,779
Change in Net Assets	(1,289,426)	(875,840)	(2,165,266)
Net Assets, Beginning of Year	9,914,655	1,595,339	11,509,994
Net Assets, End of Year	\$ 8,625,229	\$ 719,499	\$ 9,344,728

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 6,488,722	\$ 1,230,500	\$ 7,719,222
Special events	583,621	-	583,621
	7,072,343	1,230,500	8,302,843
Revenue:			
Government and private funding	4,236,503	-	4,236,503
Rental	127,692	-	127,692
Program services	155,739	-	155,739
Other	160,810	-	160,810
	4,680,744	-	4,680,744
Total Support and Revenue	11,753,087	1,230,500	12,983,587
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	2,244,432	(2,244,432)	-
EXPENSES:			
Program services:			
Foster care	4,222,867	-	4,222,867
EPIC Program	2,511,272	-	2,511,272
Residential foster care	847,067	-	847,067
Community engagement	1,014,568	-	1,014,568
His Caring Place	328,296	-	328,296
TIL 2:25	454,597	-	454,597
CarePortal	321,176	-	321,176
HopeConnect	163,667	-	163,667
	9,863,510	-	9,863,510

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2024

(continued)

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	1,488,985	-	1,488,985
Fundraising:			
Donor relations	2,139,097	-	2,139,097
Marketing	475,906	-	475,906
	2,615,003	-	2,615,003
	4,103,988	-	4,103,988
Total Expenses	13,967,498	-	13,967,498
Change in Net Assets	30,021	(1,013,932)	(983,911)
Net Assets, Beginning of Year	9,884,634	2,609,271	12,493,905
Net Assets, End of Year	\$ 9,914,655	\$ 1,595,339	\$ 11,509,994

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services								Total Program Services
	Foster Care	EPIC Program	Residential Foster Care	Community Engagement	His Caring Place	TIL 2:25	CarePortal	HopeConnect	
Compensation and benefits	\$ 2,489,642	\$ 2,589,869	\$ 673,956	\$ 1,137,956	\$ 177,969	\$ 263,613	\$ 715,719	\$ 118,454	\$ 8,167,178
Payments to foster parents	64,942	-	4,125	100	669	-	36,934	-	106,770
Professional services	149,143	191,720	34,445	60,696	13,113	13,732	32,863	149,923	645,635
Other operating expenses	112,759	310,819	94,574	60,794	23,711	27,890	28,470	35,862	694,879
Occupancy and depreciation	109,815	99,234	215,449	25,141	121,508	203,389	45,028	49	819,613
Community awareness	122,706	19	-	29,347	1,448	30,716	12,333	14,697	211,266
	<u>\$ 3,049,007</u>	<u>\$ 3,191,661</u>	<u>\$ 1,022,549</u>	<u>\$ 1,314,034</u>	<u>\$ 338,418</u>	<u>\$ 539,340</u>	<u>\$ 871,347</u>	<u>\$ 318,985</u>	<u>\$ 10,645,341</u>
	Supporting Activities								
	General and Administrative	Fundraising			Total Supporting Services				Total Expenses
		Donor Relations	Marketing	Total Fundraising					
Compensation and benefits	\$ 771,476	\$ 1,524,496	\$ 286,416	\$ 1,810,912	\$ 2,582,388				\$ 10,749,566
Payments to foster parents	-	-	-	-	-				106,770
Professional services	48,640	190,624	99,618	290,242	338,882				984,517
Other operating expenses	282,637	149,533	74,285	223,818	506,455				1,201,334
Occupancy and depreciation	498,805	62,837	23,142	85,979	584,784				1,404,397
Community awareness	30,464	318,356	76,109	394,465	424,929				636,195
	<u>\$ 1,632,022</u>	<u>\$ 2,245,846</u>	<u>\$ 559,570</u>	<u>\$ 2,805,416</u>	<u>\$ 4,437,438</u>				<u>\$ 15,082,779</u>

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services								Total Program Services
	Foster Care	EPIC Program	Residential Foster Care	Community Engagement	His Caring Place	TIL 2:25	CarePortal	HopeConnect	
Compensation and benefits	\$ 3,587,409	\$ 2,123,189	\$ 531,415	\$ 733,670	\$ 170,220	\$ 217,041	\$ 268,214	\$ 66,476	\$ 7,697,634
Payments to foster parents	43,830	-	597	119	105	-	24,172	-	68,823
Professional services	257,612	174,219	13,474	105,719	1,312	41,172	353	72,549	666,410
Other operating expenses	123,557	148,528	89,021	71,435	15,558	42,426	18,219	8,431	517,175
Occupancy and depreciation	120,880	65,336	212,560	28,441	140,412	142,469	-	-	710,098
Community awareness	89,579	-	-	75,184	689	11,489	10,218	16,211	203,370
	<u>\$ 4,222,867</u>	<u>\$ 2,511,272</u>	<u>\$ 847,067</u>	<u>\$ 1,014,568</u>	<u>\$ 328,296</u>	<u>\$ 454,597</u>	<u>\$ 321,176</u>	<u>\$ 163,667</u>	<u>\$ 9,863,510</u>
	Supporting Activities								
	General and Administrative	Fundraising			Total Supporting Services				Total Expenses
		Donor Relations	Marketing	Total Fundraising					
Compensation and benefits	\$ 749,839	\$ 1,450,185	\$ 178,407	\$ 1,628,592	\$ 2,378,431				\$ 10,076,065
Payments to foster parents	-	-	32	32	32				68,855
Professional services	29,588	262,016	164,063	426,079	455,667				1,122,077
Other operating expenses	187,080	133,319	65,940	199,259	386,339				903,514
Occupancy and depreciation	505,699	56,942	14,487	71,429	577,128				1,287,226
Community awareness	16,779	236,635	52,977	289,612	306,391				509,761
	<u>\$ 1,488,985</u>	<u>\$ 2,139,097</u>	<u>\$ 475,906</u>	<u>\$ 2,615,003</u>	<u>\$ 4,103,988</u>				<u>\$ 13,967,498</u>

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,165,266)	\$ (983,911)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	243,292	219,382
Operating leases right-of-use assets	83,958	76,248
Operating leases right-of-use obligations	(84,607)	(60,014)
Changes in operating assets and liabilities:		
Accounts and other receivables	(61,460)	48,936
Pledges receivable	224,833	289,583
Prepaid expenses and other assets	177,284	9,310
Accounts payable and accrued expenses	(1,112)	(3,119)
Net Cash Used by Operating Activities	(1,583,078)	(403,585)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(9,597)	(126,398)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of mortgage payable	15,808	-
Payments on mortgage note payable	(9,564)	(12,342)
Net Cash Provided (Used) by Financing Activities	6,244	(12,342)
Net Change in Cash and Cash Equivalents	(1,586,431)	(542,325)
Cash and Cash Equivalents, Beginning of Year	3,952,800	4,495,125
Cash and Cash Equivalents, End of Year	\$ 2,366,369	\$ 3,952,800
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 14,846	\$ 19,523
NONCASH TRANSACTIONS:		
Right-of-use asset acquired in exchange for operating lease obligation	\$ -	\$ 162,349
Refinance of note payable	\$ 464,191	\$ -

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION:

4KIDS of South Florida, Inc. and Subsidiaries (collectively referred to as the Organization) is the consolidated financial reporting entity for 4KIDS of South Florida, Inc. (4KIDS South Florida) and its subsidiaries: 4KIDS of America, LLC (4KIDS America), 4KIDS Real Estate, Inc. (4KIDS Real Estate), and 4KIDS Foundation, Inc. (4KIDS Foundation).

4KIDS South Florida was incorporated in February 2002 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS South Florida is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), is classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code, and is qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

In December 2006, 4KIDS South Florida received acknowledgment by the Internal Revenue Service of its status as an integrated auxiliary of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates (CCFL) pursuant to the changes made in the provisions of its amended Articles of Incorporation and Bylaws filed in 2003.

4KIDS America was organized in February 2014 under the laws of the state of Florida Revised Limited Liability Company Act. 4KIDS America exists to further the purposes of 4KIDS South Florida. Control of 4KIDS America by 4KIDS South Florida is complete because 4KIDS South Florida is the sole member of 4KIDS America.

4KIDS Real Estate was organized in September 2020 under the Florida Not-For-Profit Corporation Act. It is not a private foundation with the meaning of section 509(a) of the Code, is exempt from income taxes under section 501(c)(3) of the Code, and is qualified for deductible contributions as provided in section 170 of the Code. 4KIDS Real Estate exists to further the purposes of 4KIDS South Florida and is classified as a Type 1 supporting organization under section 509(a)(3) of the Code. It is also classified as an integrated auxiliary of 4KIDS South Florida and is exempt from filing the annual IRS Form 990 tax return under section 6033(a)(3)(i) of the Code.

4KIDS Foundation was organized in September 2020 under the Florida Not-For-Profit Corporation Act. It is not a private foundation with the meaning of section 509(a) of the Code, is exempt from income taxes under section 501(c)(3) of the Code, and is qualified for deductible contributions as provided in section 170 of the Code. 4KIDS Foundation exists to further the purposes of 4KIDS South Florida and is classified as a Type 1 supporting organization under Section 509(a)(3) of the Code. It is also classified as an integrated auxiliary of 4KIDS South Florida and is exempt from filing the annual IRS Form 990 tax return under section 6033(a)(3)(i) of the Code.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION, continued:

The Organization exists to serve at-risk children and families in collaboration with local and legal authorities by mobilizing and equipping the faith community to rescue, protect, and nurture children in the foster care system. The Organization accomplishes its objectives through the following program services:

Foster care—The Organization’s foster care program is dedicated to ensuring that children in the foster care system receive excellent care and quality housing. The Organization does this by ensuring their needs are met in the following four key areas: physical, emotional, social, and spiritual. The services currently provided include but are not limited to:

- Recruitment of foster families
- Training and continuing education of foster families
- Licensing of foster families
- Placement of children into licensed foster homes
- Support services for biological and foster families and the children involved

Emotions, Physical, Intellectual, Character (EPIC)—EPIC is a therapeutic program which addresses the individual needs of the children in the aspects of their emotions, physical, and intellectual well-being and development of character.

Residential foster care—This program provides homes with committed families and staff members to assist children and teenagers in the process of developing, coping, and learning to trust again in a caring Christian environment through the following programs:

- KidsPlace 1&2—specialized foster homes that allow larger sibling groups to be placed together
- GirlsPlace & MercyPlace—specialized foster homes for teens that would otherwise likely be placed in group homes
- Boysplace & GracePlace—specialized foster homes for teens with higher behavioral and emotional needs

Community Engagement (CE)—CE consists of the Church Engagement team as well as the Volunteer department. The Church Engagement Team is responsible for the management and stewardship of church relationships that contribute to the recruitment and ministry to foster families. The Volunteer department organizes and coordinates volunteer participation through events, service projects, program and office support, and Family Advocacy Ministry (FAM) teams that provide practical support and encouragement for our foster families.

His Caring Place (HCP)—HCP provides maternity care to pregnant and parenting young adults. HCP serves young women during their pregnancy and after they have given birth by providing physical, emotional, and spiritual support as well as case management services designed to lead them to independence.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

1. NATURE OF ORGANIZATION, continued:

Transitional Independent Living 2:25 (TIL 2:25)—TIL 2:25 exists to assist young men and women who have “aged out” of foster care. By providing comprehensive services including housing, life skills, mentoring, financial planning, etc., young adults are able to transition from foster care to independent living.

CarePortal—The implementation of the CarePortal technology platform which provides a connection point to meet the tangible and relational needs of vulnerable children and families. The intent is to connect children and families with churches to meet tangible needs, but also develop a network of support for the families to improve the well-being of the family and thereby prevent the need for children to enter foster care. The Organization facilitates training of child welfare partners to submit requests into the system and churches, businesses, and individuals to respond to those requests. The Organization provides Bible story books to participating churches, at no cost to them, to give to children served. Additionally, the CarePortal Team supports the CarePortal users by providing initial troubleshooting of issues using the system, coordinate functional meetings to help identify collective trends and issues to ensure the effective use to the system, and coordinates all community meetings and other interactive events to promote positive dialogue and relationships among partners.

HopeConnect—This program equips parents and caregivers to instill the Hope of God’s Word into the life of their child who have experienced trauma. HopeConnect is a free, digital platform designed to create meaningful connections through everyday moments. These expertly designed activities allow parents to connect with their children while connecting their children to the Hope of God’s Word.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of 4KIDS South Florida, 4KIDS America, 4KIDS Real Estate, and 4KIDS Foundation. All significant inter-company balances and transactions have been eliminated.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2025 and 2024, the Organization's cash balances exceeded federally insured limits by \$2,035,932 and \$1,079,723, respectively.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consists primarily of amounts due the Organization under cost-reimbursable federal and state contract and grant agreements. The allowance for doubtful accounts and other receivables is maintained at a level that, in management's judgment, is adequate to absorb probable losses. The amount is based upon an analysis of overall receivables by management. Management's evaluation of the allowance includes, but is not limited to, the historical experience of payment patterns from the grantor, financial condition of the grantor, other known facts and circumstances, and general economic conditions. This process is based on estimates, and ultimate loss may vary from current estimates. As of June 30, 2025 and 2024, all receivables are considered by management to be fully collectible and, accordingly, an allowance has not been provided.

PLEDGES RECEIVABLE

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. For the years ended June 30, 2025 and 2024, discounts on the pledges receivable are immaterial, and management has determined not to record those amounts. As of June 30, 2025 and 2024, no allowance for uncollectible pledges receivable has been recorded, as management believes that the pledges receivable are fully collectible.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$10,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations, designated by the board for other specific projects determined by the board, or invested in property and equipment net of accumulated depreciation and related debt.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

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.

The Organization conducted several special events designed to inform supporters about its ministry and expose itself to potential new donors. Special events consist of support generated from the Organization's annual events. As of June 30, 2025 and 2024, special events support is recorded gross of special events related expense of \$263,124 and \$203,023, respectively.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and funding, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or funding provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization generates rental revenue primarily from operating leases of certain real property. Rental revenue is recognized in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 842, *Leases*, on a straight-line basis over the non-cancelable term of the lease when collectability of lease payments is probable. The Organization's contracts with tenants also include non-lease components, such as CAM services, utilities, and other tenant service obligations. These non-lease components are accounted for under ASC 606, *Revenue from Contracts with Customers*, and revenue is recognized over time as the services are rendered. Consideration is allocated between lease and non-lease components based on their relative standalone selling prices.

The Organization recognizes program services revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Program service revenue primarily consists of fees charged for program delivery, educational services, training programs, workshops, and other mission-related activities that provide direct benefits to participants. Revenue is recognized when performance obligations are met, which generally occurs over time as the services are provided, because participants simultaneously receive and consume the benefits of the Organization's services throughout the program period. For program offerings delivered at a specific point in time, revenue is recognized when the service is rendered.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications. Contributions with donor restrictions which have been fully expended for their intended purposes within the reporting period are reported as contributions without donor restrictions.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of non-financial assets (including services, securities, property, rent, and equipment) are recorded at fair value at the date of donation.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include compensation and benefits, depreciation, facilities operations, and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

CONCENTRATIONS

For both years ended June 30, 2025 and 2024, the Organization received 15% of total support and revenue from one donor. The Organization's operations and program services could be impacted if these relationships were to terminate and could not be replaced by new donors with comparable donations.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	June 30,	
	2025	2024
Financial assets, at year-end:		
Cash and cash equivalents	\$ 2,366,369	\$ 3,952,800
Accounts and other receivables	784,487	723,027
Pledges receivable	209,959	434,792
	<u>3,360,815</u>	<u>5,110,619</u>
Less those not available for general expenditure within one year, due to:		
Pledges receivable collectible beyond one year	<u>-</u>	<u>(166,624)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,360,815</u>	<u>\$ 4,943,995</u>

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2025, the Organization has \$719,499 in net assets with donor restrictions for project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor-restricted purposes or as the related time restrictions are fulfilled.

The Organization has a \$1,000,000 line of credit (see note 11) which it could draw upon in the event of an anticipated liquidity need.

4. ACCOUNTS AND OTHER RECEIVABLES:

Accounts and other receivables consist of:

	June 30,	
	2025	2024
ChildNet	\$ 208,106	\$ 230,876
Children's Network of Southwest Florida	22,319	23,320
Citrus Family Care Network	59,750	15,980
Communities Connected for Kids	56,506	34,244
Department of Children and Families	52,587	206,833
Grant receivables	325,000	-
Other receivables	60,219	211,774
	<u>\$ 784,487</u>	<u>\$ 723,027</u>

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

5. PLEDGES RECEIVABLE:

Pledges receivable consist of:

	June 30,	
	2025	2024
Unconditional pledges receivable	\$ 209,959	\$ 434,792
Amounts due in:		
Less than one year	\$ 209,959	\$ 268,168
Two to three years	-	166,624
	\$ 209,959	\$ 434,792

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2025	2024
Land	\$ 1,658,732	\$ 1,658,732
Buildings and improvements	7,782,600	7,782,600
Vehicles	189,984	208,755
Furniture and fixtures	536,107	536,107
	10,167,423	10,186,194
Less accumulated depreciation	(2,996,782)	(2,781,858)
Property and equipment—net	\$ 7,170,641	\$ 7,404,336

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

7. MORTGAGE NOTE PAYABLE:

Mortgage note payable consists of:

	June 30,	
	2025	2024
Effective June 2025, refinance of a mortgage payable agreement in the principal amount of \$480,000, with a certain financial institution; bears interest at a fixed rate of 6.8%; requires monthly payments of principal and interest in the amount of \$3,548 through maturity in July 2030, at which time all remaining unpaid principal and accrued interest is due; secured by certain real property owned by the Organization.	\$ 480,000	\$ -
Mortgage note payable—refinanced effective June 2025	-	473,756
Mortgage note payable	\$ 480,000	\$ 473,756

Principal maturities of the mortgage note payable are estimated as follows:

Years Ending June 30,	Amounts
2026	\$ 8,900
2027	10,415
2028	11,069
2029	11,944
2030	12,794
Thereafter	424,878
	\$ 480,000

Effective June 2025, the Organization is required to maintain certain nonfinancial covenants related to the mortgage note payable. For the year ended June 30, 2025, the Organization is in compliance with all nonfinancial covenants.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for purpose or time consist of:

	June 30,	
	2025	2024
Expansion		
Purpose restrictions	\$ 69,539	\$ 793,418
Time restrictions	-	434,792
TIL 2:25 program	139,366	24,862
EPIC program	202,540	40,879
CARE portal	-	58,705
Neighborhood foster homes	200,143	-
Other	107,911	242,683
	\$ 719,499	\$ 1,595,339

9. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases certain facilities and equipment under noncancelable operating leases expiring in 2027. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases require monthly payments ranging from \$6,614 to \$8,524.

	June 30,	
	2025	2024
Operating leases right-of-use assets	\$ 111,743	\$ 195,701
Operating leases right-of-use obligations	\$ 127,328	\$ 211,935
Operating lease costs	\$ 88,078	\$ 83,227
Weighted-average discount rate	2.95%	2.95%
Weighted-average remaining lease term	1.47 years	2.47 years

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

9. OPERATING LEASES RIGHT-OF-USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments under the noncancelable operating leases (with an initial or remaining noncancelable lease term in excess of one year) as of June 30, 2025, are as follows:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2026	\$ 101,333
2027	28,436
	<u>129,769</u>
Less imputed interest	<u>(2,441)</u>
	<u><u>\$ 127,328</u></u>

10. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Section 403(b) Retirement Savings Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of 50% of employee voluntary contributions up to 3% of salary. For the years ended June 30, 2025 and 2024, the Organization made contributions of \$135,061 and \$128,122, respectively, to the Plan.

11. LINE OF CREDIT:

Effective April 2025, the Organization maintains a \$1,000,000 revolving line of credit with a financial institution that bears interest at a variable rate equal to the Wall Street Journal Prime Rate plus 0.50%, is collateralized by all of the Organization's assets, and requires monthly interest-only payments on outstanding borrowings through maturity in May 2026, at which time, all unpaid principal and accrued interest is due. As of June 30, 2025, there were no outstanding borrowings under this line of credit.

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 13, 2026, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.