



FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Living, Inc.

Opinion

We have audited the financial statements of Community Living, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Living, Inc. 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 ("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 Community Living, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Living, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Community Living, 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 Community Living, 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 certain internal control related matters that we identified during the audit.

November 21, 2025

SFW Partners, LLC
SFW Partners, LLC
St. Louis, Missouri

COMMUNITY LIVING, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2025 and 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 2,158,364	\$ 3,681,820
Certificates of deposit	1,134,264	841,979
Investments	3,047,401	1,267,263
Accounts receivable, net of allowance of \$15,000	1,840,584	1,683,050
Unconditional promises-to-give	102,420	246,214
Grants receivable	38,800	108,206
Restricted custodial funds	3,033	120,411
Prepaid expenses	128,195	75,894
Total current assets	<u>8,453,061</u>	<u>8,024,837</u>
Property and equipment, net of accumulated depreciation	<u>6,761,572</u>	<u>7,027,495</u>
Total assets	<u><u>\$ 15,214,633</u></u>	<u><u>\$ 15,052,332</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 201,298	\$ 345,899
Accrued expenses	436,658	402,088
Deferred revenue	40,812	25,922
Funds held for residents	3,033	120,411
Total current liabilities	<u>681,801</u>	<u>894,320</u>
Net assets:		
Without donor restrictions or board designation	11,398,410	12,524,997
Without donor restrictions, board designated (Note 6)	3,047,401	1,467,263
Total net assets without donor restrictions	<u>14,445,811</u>	<u>13,992,260</u>
With donor restrictions (Note 7)	87,021	165,752
Total net assets	<u>14,532,832</u>	<u>14,158,012</u>
Total liabilities and net assets	<u><u>\$ 15,214,633</u></u>	<u><u>\$ 15,052,332</u></u>

The accompanying notes to the financial statements
are an integral part of these statements.

COMMUNITY LIVING, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program revenue:						
Federal and state programs	\$ 6,841,300	\$ -	\$ 6,841,300	\$ 10,912,266	\$ -	\$ 10,912,266
St. Charles County Developmental Disabilities Resource Board	3,743,684	-	3,743,684	3,535,845	-	3,535,845
Private pay	400,963	-	400,963	313,697	-	313,697
Vocational rehabilitation	378,530	-	378,530	247,305	-	247,305
Community and Children's Resource Board	224,827	-	224,827	118,730	-	118,730
Total program revenue	<u>11,589,304</u>	<u>-</u>	<u>11,589,304</u>	<u>15,127,843</u>	<u>-</u>	<u>15,127,843</u>
Support and other revenue:						
Net investment return	306,626	-	306,626	239,701	-	239,701
Donations	202,043	52,500	254,543	129,169	95,780	224,949
United Way	204,845	-	204,845	227,606	-	227,606
Gain on sale of property and equipment	127,118	-	127,118	4,700	-	4,700
Special event	122,603	-	122,603	140,556	-	140,556
In-kind contributions	50,301	-	50,301	428,594	-	428,594
Rental income	27,600	-	27,600	27,600	-	27,600
Miscellaneous	12,787	-	12,787	144,244	-	144,244
Covid-19 grant proceeds	-	-	-	25,000	-	25,000
Total support and other revenue	<u>1,053,923</u>	<u>52,500</u>	<u>1,106,423</u>	<u>1,367,170</u>	<u>95,780</u>	<u>1,462,950</u>
Total support and revenue	<u>12,643,227</u>	<u>52,500</u>	<u>12,695,727</u>	<u>16,495,013</u>	<u>95,780</u>	<u>16,590,793</u>
Net assets released from restrictions	131,231	(131,231)	-	196,960	(196,960)	-
Functional expenses:						
Program services	10,365,443	-	10,365,443	12,666,326	-	12,666,326
General and administrative	1,582,305	-	1,582,305	1,988,911	-	1,988,911
Development	373,159	-	373,159	358,041	-	358,041
Total functional expenses	<u>12,320,907</u>	<u>-</u>	<u>12,320,907</u>	<u>15,013,278</u>	<u>-</u>	<u>15,013,278</u>
Changes in net assets	453,551	(78,731)	374,820	1,678,695	(101,180)	1,577,515
Net assets, beginning of the year	<u>13,992,260</u>	<u>165,752</u>	<u>14,158,012</u>	<u>12,313,565</u>	<u>266,932</u>	<u>12,580,497</u>
Net assets, end of the year	<u>\$ 14,445,811</u>	<u>\$ 87,021</u>	<u>\$ 14,532,832</u>	<u>\$ 13,992,260</u>	<u>\$ 165,752</u>	<u>\$ 14,158,012</u>

The accompanying notes to the financial statements
are an integral part of these statements.

COMMUNITY LIVING, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025**

	Program Services								Supporting Services			
	Respite Care Home	In-Home Respite	Respite Center	Support Services for Adults	Employment Services	Recreational Services	SOAR Break Camps	SOAR Behavioral Therapist	Total Program Services	General and Administrative	Development	Total
Salaries	\$ 1,225,201	\$ 93,101	\$ 201,769	\$ 2,913,896	\$ 524,017	\$ 288,990	\$ 1,106,155	\$ 2,451	\$ 6,355,580	\$ 1,056,888	\$ 184,506	\$ 7,596,974
Health benefits	49,117	8,121	4,666	348,146	54,448	30,927	23,966	242	519,633	69,919	17,232	606,784
Payroll taxes	92,256	6,877	15,680	214,673	39,152	21,392	84,366	179	474,575	77,493	13,585	565,653
Pension	32,804	3,700	6,921	94,562	16,288	8,954	28,101	93	191,423	40,097	4,229	235,749
Worker's compensation	15,925	1,364	3,593	46,117	2,275	5,035	21,574	36	95,919	14,505	2,500	112,924
Other personnel costs	8,016	1,549	1,546	21,958	2,830	3,668	12,572	140	52,279	10,491	73	62,843
Total salaries and related expenses	1,423,319	114,712	234,175	3,639,352	639,010	358,966	1,276,734	3,141	7,689,409	1,269,393	222,125	9,180,927
Communications	8,662	878	1,791	17,175	7,838	3,805	10,450	37	50,636	11,684	2,143	64,463
Depreciation	36,057	1,211	43,493	233,689	3,362	46,471	65,303	129	429,715	33,142	1,897	464,754
Dues and subscriptions	1,771	146	325	5,158	642	713	1,981	41	10,777	2,608	-	13,385
Food	17,643	-	2,400	8,349	-	-	4,199	-	32,591	-	-	32,591
Insurance	15,477	924	6,475	89,099	2,577	8,793	32,360	67	155,772	18,302	2,195	176,269
Maintenance and repairs	32,622	1,696	6,320	99,634	1,981	8,329	42,068	62	192,712	18,338	1,471	212,521
Materials and supplies	36,157	25,973	10,017	126,459	11,213	97,301	73,807	150	381,077	85,213	125,433	591,723
Miscellaneous	8,467	648	1,539	39,596	3,040	20,679	17,516	193	91,678	41,321	3,439	136,438
Printing and postage	15,924	1,381	2,979	46,690	5,969	6,703	17,183	365	97,194	3,021	8,682	108,897
Professional fees and services	11,094	916	2,035	32,305	4,021	4,124	11,779	31,780	98,054	71,907	-	169,961
Rent	-	-	-	45,000	-	-	950	-	45,950	-	-	45,950
Respite payments to parents	-	844,193	-	-	-	-	-	-	844,193	-	-	844,193
Staff training and education	9,674	469	4,060	26,212	3,878	2,202	18,547	84	65,126	16,511	4,402	86,039
Staff travel	1,112	598	333	3,318	14,613	333	1,548	11	22,039	1,966	744	24,749
Taxes and licenses	3,895	51	114	2,612	225	310	1,285	14	8,506	565	-	9,071
Utilities	11,609	323	3,928	33,122	784	5,726	25,375	22	80,889	6,338	628	87,855
Vehicle fuel and maintenance	4,128	104	1,536	31,583	455	4,184	27,106	29	69,125	1,996	-	71,121
	<u>\$ 1,637,611</u>	<u>\$ 994,223</u>	<u>\$ 321,520</u>	<u>\$ 4,479,353</u>	<u>\$ 699,608</u>	<u>\$ 568,812</u>	<u>\$ 1,628,191</u>	<u>\$ 36,125</u>	<u>\$ 10,365,443</u>	<u>\$ 1,582,305</u>	<u>\$ 373,159</u>	<u>\$ 12,320,907</u>

The accompanying notes to the financial statements
are an integral part of these statements.

COMMUNITY LIVING, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024**

	Program Services											Supporting Services			
	Respite Care Home	In-Home Respite	Respite Center	Support Services for Adults	Residential Care	Employment Services	Recreational Services	SOAR Summer Camp	SOAR Teen Club	SOAR Break Camp	SOAR Behavioral Therapist	Total Program Services	General and Administrative	Development	Total
Salaries	\$ 881,826	\$ 79,565	\$ 199,319	\$ 2,259,861	\$ 3,247,940	\$ 415,922	\$ 281,228	\$ 415,189	\$ 387,258	\$ 83,182	\$ 725	\$ 8,252,015	\$ 1,384,906	\$ 171,367	\$ 9,808,288
Health benefits	32,055	2,298	2,948	299,380	271,925	37,590	36,526	11,195	8,972	1,183	66	704,138	112,710	16,683	833,531
Payroll taxes	65,048	5,934	14,880	164,778	229,610	31,013	20,882	31,451	29,534	6,286	49	599,465	102,982	12,516	714,963
Pension	27,461	2,538	5,776	77,307	91,676	10,717	8,517	11,926	10,988	2,393	27	249,326	53,324	3,982	306,632
Worker's compensation	13,152	1,131	2,720	37,604	41,474	1,578	3,511	5,292	10,223	2,615	29	119,329	19,493	2,124	140,946
Other personnel costs	5,214	1,596	1,457	15,781	17,096	2,468	2,894	5,141	5,942	453	89	58,131	8,465	234	66,830
Total salaries and related expenses	1,024,756	93,062	227,100	2,854,711	3,899,721	499,288	353,558	480,194	452,917	96,112	985	9,982,404	1,681,880	206,906	11,871,190
Communications	5,890	677	1,709	12,001	25,891	7,223	3,659	4,038	4,098	1,277	20	66,483	14,591	801	81,875
Depreciation	19,746	1,029	26,730	147,544	36,287	10,529	22,509	45,409	42,413	9,410	81	361,687	31,184	1,858	394,729
Dues and subscriptions	1,046	92	248	3,467	4,175	556	440	561	474	165	35	11,259	1,138	2,507	14,904
Food	13,218	-	3,472	5,456	11,622	-	-	2,019	1,672	384	-	37,843	-	-	37,843
Insurance	13,431	912	5,408	72,517	28,553	3,754	6,469	16,827	10,351	3,202	88	161,512	16,268	1,498	179,278
Maintenance and repairs	19,676	2,074	9,990	66,911	13,502	2,374	9,726	20,996	19,597	4,226	53	169,125	24,917	1,846	195,888
Materials and supplies	31,455	18,402	12,783	124,966	67,048	22,243	110,794	28,688	17,899	4,270	87	438,635	102,124	118,440	659,199
Miscellaneous	8,091	1,278	21,461	63,362	18,875	2,655	16,216	16,872	16,924	1,586	218	167,538	21,540	6,227	195,305
Printing and postage	5,275	1,054	1,543	19,285	15,637	2,607	3,509	3,362	2,742	892	158	56,064	6,731	11,258	74,053
Professional fees and services	2,665	308	766	10,081	8,508	946	1,151	1,908	1,244	449	42,963	70,989	54,565	-	125,554
Rent	-	-	-	26,250	14,300	-	-	1,045	-	-	-	41,595	-	-	41,595
Respite payments to parents	-	815,800	-	-	-	-	-	-	-	-	-	815,800	-	-	815,800
Staff training and education	7,530	387	5,677	20,868	26,012	3,631	2,459	7,302	6,501	425	94	80,886	19,665	5,066	105,617
Staff travel	623	387	581	1,358	7,380	14,319	924	248	213	27	3	26,063	6,221	1,035	33,319
Taxes and licenses	93	5	46	430	4,265	11	141	187	232	111	-	5,521	807	12	6,340
Utilities	9,732	260	5,235	30,678	7,254	2,063	5,673	12,036	11,152	2,176	14	86,273	6,313	587	93,173
Vehicle fuel and maintenance	3,225	110	2,559	33,389	28,640	341	4,089	8,783	4,627	863	23	86,649	967	-	87,616
	<u>\$ 1,166,452</u>	<u>\$ 935,837</u>	<u>\$ 325,308</u>	<u>\$ 3,493,274</u>	<u>\$ 4,217,670</u>	<u>\$ 572,540</u>	<u>\$ 541,317</u>	<u>\$ 650,475</u>	<u>\$ 593,056</u>	<u>\$ 125,575</u>	<u>\$ 44,822</u>	<u>\$ 12,666,326</u>	<u>\$ 1,988,911</u>	<u>\$ 358,041</u>	<u>\$ 15,013,278</u>

The accompanying notes to the financial statements
are an integral part of these statements.

COMMUNITY LIVING, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	\$ 374,820	\$ 1,577,515
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	464,754	394,729
Gain on sale of property and equipment	(127,118)	(4,700)
Dividends reinvested	(28,920)	(21,532)
Realized (gain) Loss on sale of investments	(6,542)	15,131
Unrealized gain on investments	(141,296)	(99,949)
In-kind donations	(50,301)	(428,594)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	(157,534)	1,146,469
Unconditional promises-to-give	143,794	(120,115)
Grants receivable	69,406	131,993
Prepaid expenses	(52,301)	46,336
Deposits	-	3,100
Increase (decrease) in liabilities:		
Accounts payable	(144,601)	109,009
Accrued expenses	34,570	(215,516)
Deferred revenue	14,890	(352)
Net cash provided by operating activities	393,621	2,533,524
Cash flows from investing activities:		
Purchases of certificates of deposit	(292,285)	(148,284)
Proceeds from sale of investments	152,703	133,763
Purchases of investments	(1,756,083)	(343,763)
Proceeds from sale of property and equipment	305,281	9,156
Purchases of property and equipment	(326,693)	(929,468)
Net cash used in investing activities	(1,917,077)	(1,278,596)
Net (decrease) increase in cash and cash equivalents	(1,523,456)	1,254,928
Cash and cash equivalents, beginning of the year	3,681,820	2,426,892
Cash and cash equivalents, end of the year	\$ 2,158,364	\$ 3,681,820

The accompanying notes to the financial statements
are an integral part of these statements.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(1) Operations

Community Living, Inc. (the “Organization”), a not-for-profit organization, was established in 1978 to provide residential care, recreation, employment, education, and other support services for developmentally disabled individuals in St. Charles County. The Organization is supported primarily through federal, state, and local agency funding. Major programs offered by the Organization include:

Respite Services: provides a break for caregivers of an individual with a developmental disability with three respite services: respite center, respite care home, and in-home respite. The Respite Center is a weekend respite facility located in O’Fallon, MO for individuals ages 6 to 21 with developmental disabilities who require 1:1 support due to behavioral challenges. The Respite Care Home is a home-like, fully accessible facility located in St. Charles, MO that provides respite services for all ages. In-Home Respite is designed to provide independent contractors to families in need of a break from day-to-day care of their loved one with a developmental disability.

Support Services for Adults: provides services to adults who are not employed but want a meaningful and productive day in order to achieve their full potential.

Residential Services: provided individualized services in one’s home to promote their independence. This program closed February 26, 2024, as this service was transferred to another provider.

Employment Services: assists individuals with disabilities throughout the lifespan of their career from research to retention, with the aim of assisting individuals in finding positions that align with their interests, goals, and skillset. Once employed, the Organization provides on-the-job support for the life of an individual’s job.

Recreational Services: provides pre-planned supported recreation opportunities supervised by the program’s staff and volunteers.

Social Opportunities and Recreation (“SOAR”) Break Camps: provides families, with children ages 8 – 21 enrolled in middle and high school, with three program options at various locations throughout St. Charles County: Teen Club, Break Camp, and Summer Camp. All three program options are provided within an engaging, fun, safe, and supervised environment where the children are encouraged to enhance their independence, as well as their communication, socialization, and job/life skills.

SOAR Behavioral Therapist: provides therapy to participants in the Organization’s SOAR program that have difficulties with maladaptive behaviors, helping them identify, understand, and change behaviors or thought patterns that may be negatively affecting their lives. The behavior therapists also provide training to staff on implementing behavioral strategies they can use to assist the SOAR participants to be successful in the Organization’s programs. The therapists consult with parents and other professionals as needed, in the interest of the identified child or children.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Certificates of Deposit

Certificates of deposit are adjusted to market value at year end. Gains or losses on the sale of certificates of deposit are recognized on a specific identification basis. Unrealized holding gains or losses, and realized gains or losses on the certificates of deposit are included in net investment return on the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024. Interest income earned on the certificates of deposit are included in net investment return, on the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024.

Investments

Investments are adjusted to market value at year end. Unrealized holding gains or losses, realized gains or losses, and interest and dividend income earned on the investments are included in net investment return, on the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024. Interest and dividend income from investments is recognized when earned. Gains or losses on the sale of investments are recognized on a specific identification basis. Investment fees for the years ended June 30, 2025 and 2024 were immaterial.

Accounts Receivable, Net of Allowance for Credit Losses

The Organization carries its accounts receivable at cost, less an allowance for credit losses. The Organization's accounts receivable are primarily derived from governmental and public fee for service funding. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Organization's historical losses. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained constant since the Organization's inception.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the year ending June 30, 2025.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Accounts Receivable, Net of Allowance for Credit Losses (Continued)

The allowance for credit losses is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience, current economic industry trends, and other currently available evidence. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Organization could be adversely affected.

Unconditional Promises-To-Give

Unconditional promises-to-give are recognized as revenue when the promise is received. Conditional promises-to-give, that is those with a measurable performance or other barrier, are recognized as support when the conditions on which they depend are substantially met. Unconditional promises-to-give expected to be collected in less than one year are reported at net realizable value. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with the donors, and accordingly, has made no allowance for credit losses.

Grants Receivable

Grants receivable are recognized as revenue when the grant is awarded and any measurable performance or other barriers are met. Grants receivable expected to be collected in less than one year are reported at net realizable value. Grants to be collected in future years are recorded at fair value when the grant is made based on a discounted cash flow model. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with the grantors, and accordingly, has made no allowance for credit losses.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value if contributed, less an allowance for depreciation. Major expenditures for property acquisitions and those expenditures which substantially increase useful lives are capitalized. Expenditures for maintenance, repairs, and minor replacements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation using the straight-line method based upon the estimated useful lives of the assets as follows: buildings and improvements, 15 to 30 years; vehicles, 5 years; furniture, fixtures, and equipment, 5 to 10 years; leasehold improvements, 5 years.

Deferred Revenue

Deferred revenue represents program service fees and advance payments received for special events to be recognized in the next fiscal year.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated funds.

Net assets with donor restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Support and Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise-to-give to the Organization. Gifts of cash and other assets received are recorded as with or without donor restricted support depending on the existence or nature of any donor restrictions. All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor.

Revenue is recognized when earned from a variety of funding sources, including Development Disabilities Resource Board, direct pay of clients, Community and Children's Resource Board, and Department of Mental Health. Program service fees and payments under cost-reimbursable contracts received in advance of services rendered are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

In-kind Contributions

In-kind contributions include land, vehicles, and a donation credit given to a donor for the difference between the purchase price of the land and fair market value. These donations are recognized in the financial statements at fair market value. For the years ended June 30, 2025 and 2024, the Organization recorded in-kind contributions of \$50,301 and \$428,594, respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its mission. These services are not recognized in the financial statements.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Program Services Expenses

Program services include those expenses for programs and other items that enable the Organization to provide people with disabilities the opportunity to learn, live, work, and play in the community. Major program services are identified on the accompanying statements of functional expenses with general program descriptions included in Note 1.

Supporting Services Expenses

Supporting services include the general and administrative and development expenses that enable the Organization to coordinate its program strategy, secure proper administrative function of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

Functional Allocation of Expenses

The costs associated with providing the Organization's activities have been summarized on the functional basis. Certain expenses represent costs associated with multiple activities and require allocation among the program and supporting services benefited. Such allocations are based on management's estimate of time and effort which include salaries and related payroll expenses. Certain other expenses are allocated based on square footage which include rent, depreciation, utilities, maintenance and repairs, materials and supplies, and insurance. All other expenses are allocated based on direct costs.

Income Taxes

The Internal Revenue Service has advised the Organization that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's management does not believe that its exempt status has been significantly affected by any changes in its activities since the date of the most recent determination letter received. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization accounts for any uncertain tax positions in accordance with the Income Taxes topic of the Financial Accounting Standards Board ("FASB") ASC. The topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. In evaluating the Organization's exempt status, interpretations and tax planning strategies are considered. The Organization believes it is not exposed to any current or future tax liability based on its current operations.

Concentration of Credit Risk

The Organization, on occasion, maintains cash deposits with banks that include funds greater than the FDIC limits. The Organization has not experienced any losses in such accounts. The Board believes the Organization is not exposed to any significant credit risk related to cash. The amounts on deposit at June 30, 2025 and 2024 exceeded the insured limits by \$245,316 and \$141,153, respectively.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk (Continued)

To reduce credit risk, the Organization utilizes a non-depository sweep account, where the underlying investments are US Government Treasury and Agency securities. The sweep account investments are subject to investment risk, including possible loss of the principal amount invested; however, the Organization has not experienced any losses in such accounts. The Board believes the Organization is not exposed to significant credit risk related to the sweep account. The balance in the sweep account at June 30, 2025 and 2024 was \$1,918,723 and \$3,464,522, respectively.

The Organization maintains investments with brokerage firms that include funds greater than the SIPC insured limit. SIPC protects against the loss of investments held at a SIPC-member brokerage firm, but does not protect against the decline in value of the investments. The Organization has not experienced any losses beyond normal market fluctuations. Management believes the Organization is not exposed to any significant credit risk beyond normal market fluctuations related to investments. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position. The brokerage accounts at June 30, 2025 and 2024 exceeded the insured limit by \$1,947,914 and \$698,645, respectively.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(3) Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the FASB ASC, a guideline is provided for measuring fair value under generally accepted accounting principles. The topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority; Level 2 inputs include quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets for identical or similar assets or liabilities, or inputs that are observable or can be corroborated by observable market data or other means for substantially the full term of the asset or liability; and Level 3 inputs have the lowest priority and are based on prices or valuation techniques that are unobservable and not corroborated by market data. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization uses Level 2 inputs when an active market comparable is not available and Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Level 1 Fair Value Measurements

The fair value of the investments is based on quoted market prices.

The Organization's assets reported at fair value in the accompanying statements of financial position consist of the following:

	Fair Value	Fair Value Measurements Using:		
		Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
June 30, 2025				
Certificates of deposit	\$ 1,134,264	\$ 1,134,264	\$ -	\$ -
ETF's	2,033,601	2,033,601	-	-
Unit investment trusts	656,406	656,406	-	-
Mutual funds	357,394	357,394	-	-
Total assets	<u>\$ 4,181,665</u>	<u>\$ 4,181,665</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2024				
Certificates of deposit	\$ 841,979	\$ 841,979	\$ -	\$ -
ETF's	1,183,444	1,183,444	-	-
Mutual funds	83,819	83,819	-	-
Total assets	<u>\$ 2,109,242</u>	<u>\$ 2,109,242</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(4) Property and Equipment

Property and equipment consists of the following at June 30:

	2025	2024
Buildings and improvements	\$ 9,254,409	\$ 9,111,253
Vehicles	1,407,776	1,761,104
Furniture, fixtures, and equipment	920,609	816,023
Leasehold improvements	9,173	9,173
	11,591,967	11,697,553
Accumulated depreciation	(6,392,845)	(6,421,022)
	5,199,122	5,276,531
Land	1,553,850	1,723,850
Construction in progress	8,600	27,114
	\$ 6,761,572	\$ 7,027,495

Depreciation expense for the years ended June 30, 2025 and 2024 was \$464,754 and \$394,729, respectively.

(5) Note Payable

The Organization has a line-of-credit agreement with a bank whereby it can borrow up to \$500,000, with interest payable monthly at a variable rate equal to the Wall Street Journal Prime interest rate. Under no circumstances will the interest rate be less than 4% per annum or more than the maximum rate allowed by applicable law. The agreement matures November 28, 2025. All business assets are pledged as collateral under this agreement. There were no amounts outstanding as of June 30, 2025 and 2024.

(6) Net Assets Without Donor Restrictions, Board Designated Fund

During the years ended June 30, 2025 and 2024, the Organization’s Board of Directors designated \$1,603,380 and \$210,000, respectively of net assets without donor restrictions as a Board Designated Building and Capital Investment Fund (“Building Fund”) and a Board Designated Cash Reserve Investment Fund (“Cash Reserve Fund”) to support the mission of the Organization. Since those amounts resulted from an internal designation and is not donor restricted, they are classified as net assets without donor restrictions (see Note 2).

The Organization’s objective is to maintain the purchasing power of the Building Fund assets, maintain cash reserves in the Cash Reserve Fund as well as to provide additional real growth through investment returns. To achieve that objective, these funds have adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The Building Fund and Cash Reserve Fund’s assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in asset growth above the rate of inflation. Investment risk is measured in terms of the total of these funds; investment assets and allocation between asset classes and strategies are managed to not expose these funds to unacceptable levels of risk.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(6) Net Assets Without Donor Restrictions, Board Designated Fund (Continued)

As of June 30, 2025 and 2024, the Board of Directors designated \$0 and \$200,000, respectively, as a means of creating a cash reserve that can only be used with a majority vote of the Board of Directors.

Composition of and changes in the Building Fund's net assets for the years ended June 30:

	Board designated restricted cash	Building Fund	Cash Reserve Fund	Total
Balance at June 30, 2023	\$ 200,000	\$ -	\$ 950,913	\$ 1,150,913
Investment income	-	26	21,506	21,532
Net realized and unrealized gain	-	32	84,786	84,818
Contributions	-	30,000	180,000	210,000
Balance at June 30, 2024	200,000	30,058	1,237,205	1,467,236
Investment income	-	(1,353)	30,273	28,920
Net realized and unrealized gain	-	44,942	102,896	147,838
Contributions	-	1,423,380	180,000	1,603,380
Released from board restriction	(200,000)	-	-	(200,000)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 1,497,027</u>	<u>\$ 1,550,374</u>	<u>\$ 3,047,401</u>

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	2025	2024
Subject to expenditure for a specific purpose:		
Legacy Ball restricted funds	\$ 48,221	\$ 1,436
American Rescue Plan Act funds	38,800	163,750
Adult recreation – Andrew's Hugs	-	566
Total net assets subject to expenditure for a specific purpose	<u>\$ 87,021</u>	<u>\$ 165,752</u>

Net assets released from donor restrictions consist of the following at June 30:

	2025	2024
American Rescue Plan Act funds	\$ 124,950	\$ 170,793
Legacy Ball restricted funds	5,715	2,103
Adult recreation – Andrew's Hugs	566	24,064
	<u>\$ 131,231</u>	<u>\$ 196,960</u>

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(8) Liquidity and Availability

Financial assets available for general expenditures without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,110,143	\$ 3,424,274
Certificates of deposit	1,134,264	841,979
Accounts receivable	1,840,584	1,683,050
Unconditional promises-to-give	<u>102,420</u>	<u>246,214</u>
	<u>\$ 5,187,411</u>	<u>\$ 6,195,517</u>

The Organization's Building Fund consists of a board designated fund. 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. To help manage unanticipated liquidity needs, the Organization invests monthly into the board designated Building Fund. Although the Organization does not intend to spend from its board designated fund as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

In the event of an unanticipated liquidity need, the Organization could draw up to \$500,000 on the available line-of-credit.

(9) In-Kind Contributions

In-kind contributions recognized within the statements of activities and changes in net assets included:

	<u>2025</u>	<u>2024</u>
Vehicles	\$ 50,301	\$ 198,594
Land	<u>-</u>	<u>230,000</u>
	<u>\$ 50,301</u>	<u>\$ 428,594</u>

The Organization recognized in-kind contributions within revenue. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions.

(10) Disaggregation of Revenue

The Organization disaggregates revenue from contracts with customers by type of revenue as noted in the statements of activities and changes in net assets, which depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All earned revenue is recognized at a point in time, as performance obligations are satisfied.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(11) Employee Benefit Plan

The Organization maintains a 401(k) and profit-sharing plan to establish safe-harbor contributions for all eligible employees. Under the terms of the plan, employees may contribute up to the maximum amount allowed by law. Additional Organization contributions may be made at the discretion of the Board of Directors. Employees are 100% vested in their deferred compensation and the Organization's safe-harbor contributions and 20% vested after year 1, 40% after year 2, 60% after year 3, 80% after year 4, and 100% vested after year 5 in the Organization's discretionary and non-safe-harbor contributions. Safe-harbor contributions charged to expense for the years ended June 30, 2025 and 2024 were \$235,749 and \$306,632, respectively.

(12) Concentrations

During the years ended June 30, 2025 and 2024, the Organization received 88% and 89%, respectively, of its support from state and local governmental entities. In addition, the Organization had 93% and 96% of its accounts receivable due from state and local governmental entities at June 30, 2025 and 2024, respectively.

(13) Reclassifications

Certain accounts relating to the prior year have been restated to conform to current year's presentation. These reclassifications have no effect on previously reported changes in net assets.

(14) Commitments and Contingencies

On June 29, 2018, the Organization purchased a property used as a respite home from the Developmental Disabilities Resource Board of St. Charles County ("DDRB"). As part of the agreement, the Organization received a \$62,500 credit against the purchase price and the DDRB received a second deed of trust in the property. If the Organization sells the property, it will be required to pay the DDRB \$62,500. As of June 30, 2025, management has no intention to sell the property; therefore, management feels the contingency is remote and has not recorded it in the accompanying financial statements.