EMMAUS HOMES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Emmaus Homes, Inc.
St. Charles, Missouri

Opinion

We have audited the consolidated financial statements of Emmaus Homes, Inc. and its subsidiaries, Emmaus Resident Trust Foundation, L.L.C. and Emmaus Properties, L.L.C., not-for-profit organizations, (collectively, the Organization) which comprise the consolidated statement of financial position as of June 30, 2026 and 2025, 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026 and 2025, 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 Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 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 the Organization' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

RubinBrown LLP

November 12, 2026

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

	June 30, 2026	June 30, 2025
Current Assets		
Cash and cash equivalents	$ 12,457,436	$ 8,265,722
Cash held for clients	381,714	372,595
Accounts receivable (net of allowance for current expected losses of $94,787 in 2026 and $80,970 in 2025)	4,539,702	4,447,389
Grants receivable	42,228	24,606
Unconditional promises to give, net	134,496	179,544
Prepaid expenses	386,256	342,278
Investments	3,916	4,444
Total Current Assets	17,945,748	13,636,578
Other Assets		
Unconditional promises to give, net	41,493	60,300
Investments restricted/designated for endowment	27,140,764	24,959,918
Annuities receivable	59,038	54,234
Other assets	77,038	71,549
Property and equipment	4,390,527	4,413,038
Right-of-use assets	997,829	980,817
Beneficial interests in perpetual trusts	4,965,542	4,350,335
Total Other Assets	37,672,231	34,890,191
Total Assets	$ 55,617,979	$ 48,526,769

Liabilities And Net Assets

Current Liabilities		
Current portion of lease liabilities	$ 285,657	$ 226,364
Accounts payable	459,429	352,428
Accrued wages	2,844,724	2,653,025
Accrued self-insurance liability	177,000	157,800
Amounts held for clients	381,714	372,595
Total Current Liabilities	4,148,524	3,762,212
Other Long-Term Liabilities	102,031	102,031
Long-Term Lease Liabilities	669,457	675,887
Total Liabilities	4,920,012	4,540,130
Net Assets		
Without donor restrictions:		
Operations	14,015,805	10,017,728
Investment in property and equipment	4,331,211	4,389,573
Board-designated endowment	20,000,907	17,851,521
Total Without Donor Restrictions	38,347,923	32,258,822
With donor restrictions	12,350,044	11,727,817
Total Net Assets	50,697,967	43,986,639
Total Liabilities And Net Assets	$ 55,617,979	$ 48,526,769

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Years Ended June 30,					
	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program Revenue						
Program service fees	$ 44,033,421	$ —	$ 44,033,421	$ 43,781,215	$ —	$ 43,781,215
Governmental program grants	235,064	—	235,064	265,805	—	265,805
Total Program Revenue	44,268,485	—	44,268,485	44,047,020	—	44,047,020
Other Revenue, Support, And Gains						
Contributions	503,422	19,275	522,697	586,553	44,888	631,441
Special events, net	59,391	—	59,391	53,380	—	53,380
Bequests	1,231,463	—	1,231,463	728,020	—	728,020
United Way	102,875	102,870	205,745	103,742	103,740	207,482
Grant income - nongovernment	79,419	2,495	81,914	83,234	—	83,234
Grants and awards for capital projects	—	—	—	29,993	—	29,993
Grants and awards for capital projects - noncash	215,306	—	215,306	138,852	—	138,852
Gift annuities	—	4,805	4,805	29,639	—	29,639
Other income	58,258	—	58,258	42,484	—	42,484
Investment income designated/appropriated from endowments	1,139,544	—	1,139,544	1,052,666	—	1,052,666
Gain on disposal of property and equipment	73,632	—	73,632	52,792	—	52,792
Total Other Revenue, Support, And Gains	3,463,310	129,445	3,592,755	2,901,355	148,628	3,049,983
Net Assets Released From Restrictions	992,753	(992,753)	—	892,593	(892,593)	—
Total Revenues, Support, And Gains	48,724,548	(863,308)	47,861,240	47,840,968	(743,965)	47,097,003
Expenses						
Program Services:						
Residential care	39,100,043	—	39,100,043	38,480,185	—	38,480,185
Management	4,691,140	—	4,691,140	4,275,673	—	4,275,673
Fundraising	455,377	—	455,377	448,034	—	448,034
Total Expenses	44,246,560	—	44,246,560	43,203,892	—	43,203,892
Increase (Decrease) In Net Assets From Operations	4,477,988	(863,308)	3,614,680	4,637,076	(743,965)	3,893,111
Other Income And Gains						
Change in value of beneficial interests in perpetual trusts	—	615,207	615,207	—	254,770	254,770
Investment income in excess of amount designated/appropriated from endowments	1,611,113	870,328	2,481,441	1,082,256	752,819	1,835,075
Total Other Income And Gains	1,611,113	1,485,535	3,096,648	1,082,256	1,007,589	2,089,845
Increase In Net Assets	6,089,101	622,227	6,711,328	5,719,332	263,624	5,982,956
Net Assets - Beginning Of Year	32,258,822	11,727,817	43,986,639	26,539,490	11,464,193	38,003,683
Net Assets - End Of Year	$ 38,347,923	$ 12,350,044	$ 50,697,967	$ 32,258,822	$ 11,727,817	$ 43,986,639

See the notes to consolidated financial statements.

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2026

	Residential Care Programs	Management	Fundraising	Total
Salaries	$ 29,653,888	$ 2,821,963	$ 275,554	$ 32,751,405
Fringe benefits and payroll taxes	4,598,468	450,637	46,996	5,096,101
Other personnel costs	557,062	283,764	8,271	849,097
Bad debt expense	—	16,467	—	16,467
Communications	310,037	47,138	12,535	369,710
Contract services	1,213,485	217,752	—	1,431,237
Information technology services	191,501	121,678	16,408	329,587
Insurance	564,065	45,443	8,797	618,305
Interest	64,968	32,176	2,390	99,534
Maintenance and repair	276,300	34,585	6,181	317,066
Materials and supplies	158,812	30,980	1,285	191,077
Miscellaneous	55,756	38,342	17,834	111,932
Rent	176,860	—	—	176,860
Professional fees	—	179,396	3,432	182,828
Staff training	154,515	117,104	20,667	292,286
Staff travel	258,838	40,460	5,804	305,102
Transportation	314,360	7,609	8,374	330,343
Utilities	51,941	17,601	3,156	72,698
Total Expenses Before Depreciation And Amortization	38,600,856	4,503,095	437,684	43,541,635
Depreciation and amortization	499,187	188,045	17,693	704,925
Total Expenses	$ 39,100,043	$ 4,691,140	$ 455,377	$ 44,246,560

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2025

	Residential Care Programs	Management	Fundraising	Total
Salaries	$ 28,878,357	$ 2,551,870	$ 289,701	$ 31,719,928
Fringe benefits and payroll taxes	4,938,214	459,954	54,640	5,452,808
Other personnel costs	552,682	168,164	5,971	726,817
Bad debt expense	—	2,735	—	2,735
Communications	294,194	51,666	5,860	351,720
Contract services	1,309,355	204,954	—	1,514,309
Information technology services	170,017	126,592	19,041	315,650
Insurance	506,430	41,008	7,942	555,380
Interest	55,363	31,042	3,115	89,520
Maintenance and repair	260,003	48,563	6,073	314,639
Materials and supplies	150,172	35,514	1,907	187,593
Miscellaneous	49,280	57,394	10,956	117,630
Rent	186,609	—	—	186,609
Professional fees	800	197,368	131	198,299
Staff training	146,570	55,163	6,847	208,580
Staff travel	243,914	28,759	5,737	278,410
Transportation	300,926	13,850	10,772	325,548
Utilities	41,377	20,748	2,574	64,699
Total Expenses Before Depreciation And Amortization	38,084,263	4,095,344	431,267	42,610,874
Depreciation and amortization	395,922	180,329	16,767	593,018
Total Expenses	$ 38,480,185	$ 4,275,673	$ 448,034	$ 43,203,892

EMMAUS HOMES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended June 30, 2026	2025
Cash Flows From Operating Activities		
Increase in net assets	$ 6,711,328	$ 5,982,956
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	704,925	593,018
Gain on disposal of property and equipment	(73,632)	(52,792)
Realized gains on investments	(519,850)	(408,150)
Unrealized gains on investments	(2,153,329)	(1,681,845)
Change in value of perpetual trusts	(615,207)	(254,770)
Contributions restricted for capital expenditures	—	(29,993)
Contributed property and equipment	(215,306)	(138,852)
Changes in assets and liabilities:		
Accounts and grants receivable	(109,935)	350,597
Unconditional promises to give	63,855	(34,464)
Prepaid expenses and other assets	(49,467)	(52,741)
Annuities receivable	(4,804)	24,672
Accounts payable	107,001	(123,693)
Accrued wages	191,699	45,531
Accrued self-insurance liability	19,200	37,300
Amounts held for clients	9,119	5,115
Right-of-use assets and lease liabilities	83,984	(18,616)
Net Cash Provided By Operating Activities	4,149,581	4,243,273
Cash Flows From Investing Activities		
Proceeds from sale of investments	7,706,724	6,779,675
Purchases of investments	(7,007,455)	(6,356,793)
Net proceeds from (purchases of) money market funds	(206,408)	3,411
Purchases of property and equipment	(193,564)	(148,067)
Proceeds from sale of property and equipment	88,928	63,483
Net Cash Provided By Investing Activities	388,225	341,709
Cash Flows From Financing Activities		
Principal payments on long-term debt	—	(201,584)
Payments on finance leases	(336,973)	(245,649)
Proceeds from contributions restricted for capital expenditures	—	29,993
Net Cash Used In Financing Activities	(336,973)	(417,240)
Net Increase In Cash, Cash Equivalents And Restricted Cash	4,200,833	4,167,742
Cash, Cash Equivalents And Restricted Cash - Beginning Of Year	8,638,317	4,470,575
Cash, Cash Equivalents And Restricted Cash - End Of Year	$ 12,839,150	$ 8,638,317
Supplemental Disclosure Of Cash Flow Information		
Interest paid	$ 99,534	$ 88,851

1. Organization And Operations

Organization

Emmaus Homes, Inc. (Emmaus) is organized as a benevolent nonprofit corporation under the laws of the State of Missouri. Emmaus' articles of incorporation provide for management of its property and affairs by a self-perpetuating Board of Directors (the Board). Emmaus is affiliated with the United Church of Christ through the Council for Health and Human Services Ministries.

Emmaus is the sole member of two Missouri limited liability companies that manage its long-term assets. The Emmaus Resident Trust Foundation, L.L.C. (the Foundation) holds and manages Emmaus long-term investment assets while Emmaus Properties, L.L.C. (Properties) holds and manages Emmaus' real property. Both the Foundation and Properties are disregarded entities for income tax purposes.

The accompanying consolidated financial statements include the accounts of Emmaus and its wholly-owned subsidiaries, the Foundation and Properties (collectively, the Organization).

Nature Of Business

Compelled by faith in Jesus Christ, the mission of the Organization is to enrich the lives of individuals of all beliefs, with cognitive or developmental disabilities, by fostering independence, inclusion, and self-advocacy.

The Organization provides for the care and habilitation of over 200 adults with cognitive and other developmental disabilities. Services are provided in individualized supported living arrangements in four counties in Eastern Missouri. Services are provided without regard to race, color, religion, national origin, sex, veteran status, or disability. The Organization's corporate office is located in St. Charles, Missouri.

Description Of Program Services And Supporting Activities

The Organization's programs and services are designed to achieve the highest quality of life possible, to inspire growth and learning in the most normative environment possible, to encourage independence in choice of lifestyle and personal growth, and to facilitate participation in all decisions affecting a person's quality of life including the right to decide to attend or not attend religious programs and services.

These services are provided through the Organization's Residential Care and the following supporting activities:

Management

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board, maintain competent legal services for the program administration of the Organization, and manage the information technology, financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations to support operating activities.

2. Summary Of Significant Accounting Policies

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of Emmaus and its wholly-owned subsidiaries, the Foundation and Properties. All significant inter-entity accounts, balances and transactions have been eliminated in consolidation.

Basis Of Accounting

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows guidance set forth by generally accepted accounting principles for not-for-profit organizations, which requires the Organization to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets consist of the following:

Net Assets Without Donor Restrictions

Net assets without donor restrictions include net assets and contributions not subject to donor-imposed stipulations. Net assets without donor restrictions include investments designated by the Board for endowment.

Net Assets With Donor Restrictions

Net assets with donor restrictions include net assets and contributions subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time, while others are to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions.

Estimates And Assumptions

Management uses estimates and assumptions in preparing its consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating And Nonoperating Activity

Operating results in the consolidated statement of activities reflect all transactions except the change in value of beneficial interests in perpetual trusts and investment income in excess of amount appropriated for operations.

Cash, Cash Equivalents And Restricted Cash

The Organization considers all highly liquid financial instruments, excluding amounts categorized as Board-designated assets, purchased with a maturity of three months or less to be cash equivalents.

The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that are designed to maintain safety and liquidity. Cash balances that exceed Federal Deposit Insurance Corporation (FDIC) limits are invested in money market funds that invest exclusively in short-term U.S. government securities, including repurchase agreements secured by U.S. government securities. At June 30, 2026, the cash, cash equivalents and restricted cash balance in excess of FDIC insurance limits was approximately $11,266,000.

The following is a reconciliation between cash, cash equivalents and restricted cash reported within the consolidated statement of financial position and the total cash, cash equivalents and restricted cash on the consolidated statement of cash flows as of June 30:

	2026	2025
Cash and cash equivalents	$ 12,457,436	$ 8,265,722
Cash held for clients	381,714	372,595
Total cash, cash equivalents and restricted cash	$ 12,839,150	$ 8,638,317

Cash Held For Clients

The cash held for clients is held by the Organization for the clients and a corresponding liability is recorded. These funds are maintained in a separate bank account at a federally insured financial institution.

Accounts And Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for expected credit losses through a charge to earnings and a credit to a valuation allowance. To estimate the expected credit losses, receivables have been grouped based on credit risk characteristics including the age of the receivable, payer and type of underlying revenue transaction. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on historical experience and may be adjusted to the extent that future results are expected to differ from past experience. Given that the Organization extends credit terms on a short-term basis, changes to the credit loss percentages due to future events are expected to be rare. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual payers.

The allowance for current expected credit losses was $94,787 and $80,970 at June 30, 2026 and 2025, respectively. Changes in the valuation allowance have not been material to the consolidated financial statements. No allowance for uncollectible grants receivable is considered necessary by management.

Promises To Give

Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year end, all balances that are determined to be uncollectible.

Investments

Investments are reported at fair value. Investments for which quoted market prices are not available are carried at estimated realizable values as determined by the investment manager and reviewed by management. Gains and losses on sales of investments are determined on a specific cost-identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

Property And Equipment

Property and equipment is carried at cost, less accumulated depreciation computed on the straight-line method over estimated useful lives ranging from 3 to 30 years. Leasehold improvements are amortized over the shorter of the term of the lease or the estimated useful lives of the assets. Maintenance and repairs are charged to operations when incurred. Expenditures of at least $5,000 for additions and improvements, that increase the useful lives of the respective assets, are capitalized.

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of any asset may not be recoverable from the estimated future cash flows expected to result for its use and eventual disposition. No impairment loss was recognized in 2026 or 2025.

Leases

As further described in Note 9, the Organization maintains leases of vehicles, office equipment and storage space. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. On lease commencement, the ROU assets equal the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The Organization's leases generally have terms of one to five years. The Organization does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset and the terms associated with extending the lease. These leases may have additional renewal options; however, the Organization has not included the renewal periods in the term when determining the ROU asset and lease liability as management is not reasonably certain if such renewals will be exercised. Accordingly, only the initial terms are included in the lease terms when calculating the ROU assets and lease liabilities. The Organization has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

As most leases do not provide an implicit discount rate, the Organization estimates an incremental borrowing rate based on the information available at the lease commencement date to determine the present value of the lease payments. The estimated incremental borrowing rate represents the estimated rate of interest that would have been charged to borrow an amount equal to the lease payments on a collateralized basis for a similar period of time.

The Organization's operating leases may contain fixed rent escalations over the lease term, and the Organization recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset. The Organization recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

The Organization does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets.

Revenue And Revenue Recognition

Program Service Fees

Revenue is measured based on consideration specified in a contract with a customer. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Within program service fees on the consolidated statement of activities, the Organization has the following revenue streams:

	2026	2025
Residential habilitation	$ 42,067,712	$ 42,051,223
Accessible housing rental income	58,910	55,505
Adaptive solutions	581,603	340,378
Representative payee fees	97,666	97,767
Value based payment incentive fees	1,227,530	1,236,342
Total Program Service Fees	$ 44,033,421	$ 43,781,215

Residential Habilitation

The Organization recognizes revenue associated with the residential habilitation of individuals eligible for services through the Medicaid Home and Community Based Waiver Program. Residential habilitation services include individual supported and shared living, transportation, and professional assessment and monitoring by registered nurses. Reimbursement rates for these services are based on the needs of the individual being served and are approved annually by the Missouri Department of Mental Health (DMH). Payments for these services are billed monthly and are typically paid within thirty days. The performance obligation of delivering residential habilitation services is simultaneously received and consumed by the individuals; therefore, the revenue is recognized ratably as services are rendered.

Accessible Housing Rental Income

Properties holds and manages four accessible homes in which some of the Organization's clients are served. Rental agreements are executed between the clients residing in these homes and Properties. Monthly rent is collected at the beginning of the month from these clients. Performance obligation of providing access to housing is satisfied ratably over the period in which that individual chooses to receive services in homes under this arrangement.

Adaptive Solutions

The Organization creates accessible homes (by installing ramps, widening doorways, adjusting lighting, etc.) and provides adaptive equipment (transfer devices, shower chairs, lifts, or assistive technology) to increase independence for people throughout their lifetime. The performance obligation of delivering these services is simultaneously received and consumed by the individuals; therefore, the revenue is recognized ratably as services are rendered.

Representative Payee Fees

The Organization recognizes revenue from individuals who have elected to receive Social Security representative payee services. The fee for this service is determined annually by the Social Security Administration. The performance obligation is met monthly by completing all fiduciary and reporting responsibilities associated with administering that individual's monthly entitlement.

Value Based Payment Incentive Fees

The Organization recognizes revenue from DMH for achieving Value Based Payment incentives. DMH has established a priority of coordinating quality care funding strategies that improve individual outcomes and reward providers who facilitate quality outcomes. The performance obligations are met by achieving predetermined performance benchmarks established by DMH.

Overall, economic conditions can impact the nature, timing, and uncertainty of the Organization's revenues and cash flows.

The opening and closing balances of program service receivables for the year ended June 30, 2026 were $4,304,296 and $4,372,097, respectively. The opening and closing balances of program service receivables for the year ended June 30, 2025 were $4,467,055 and $4,304,296, respectively.

Governmental Program Grants

A portion of the Organization's revenue is derived from cost-reimbursable state, county and federal contracts and grants, 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 grant provisions. Amounts received prior to incurring qualifying expenditures would be reported as refundable advances in the consolidated statement of financial position.

At June 30, 2026 and 2025, the Organization had no cost-reimbursable contracts and grants that have not yet been recognized. At June 30, 2026 and 2025, grants receivable on the consolidated statement of financial position include $42,228 and $24,606, respectively, of qualifying expenditures that have been incurred but not yet reimbursed.

Public Support

Unconditional promises to give are recognized as support in the period in which the promises are received and are recorded at the present value of the estimated future cash flow. Conditional promises to give, that is, those with a measurable performance or other barrier, are recognized as support when the conditions upon which they depend are met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated 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 consolidated statement of activities as net assets released from restrictions. As permitted under generally accepted accounting principles, the Organization reports contributions with donor restrictions as without donor restrictions in the current year when the Organization meets the donor restrictions in the same period as recognition of the contributions.

Donated Materials And Services

The Organization periodically receives in-kind donations, including client recreational items, facility supplies, property and equipment, and special event resources. The Organization received the following in-kind donations during the years ending June 30:

	2026	2025
Vehicles	$ 215,306	$ 138,852
Other (included in Contributions)	40	2,405
	$ 215,346	$ 141,257

In-kind donations are recorded at fair value at the date of donation. Contributed property and equipment are valued based on current prices for new property and equipment if purchased from manufacturers and distributors or estimated resale prices.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services that meet the criteria for recognition are recorded at fair value at the date of donation. No donated services were recognized in 2026 or 2025.

All in-kind donations were utilized by the Organization's programs and supporting services and had no donor-imposed restrictions.

The Organization generates numerous volunteer hours each year that add a dimension to the quality of life for individuals served by the Organization over and above the amount provided by salaried personnel. These donated services have not been recognized as contributions in the consolidated financial statements since the aforementioned recognition criteria, as stated by generally accepted accounting principles, were not met.

Functional Expense Allocations

The consolidated statement of functional expenses presents expenses by functional and natural classification. When expense allocations are necessary, expenses are charged to program services and supporting activities based on an appropriate allocation method, including inputs such as time and effort, census counts and square footage. Salaries have been allocated on the basis of estimates of time and effort. Fringe benefits have been allocated using a stand-alone joint cost method, the basis being payroll cost by functional department. Depreciation and amortization, occupancy, and insurance costs are allocated on a square footage basis by function. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Tax Status

Emmaus is exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code (IRC).

As single member LLCs of Emmaus, the Foundation and Properties are considered disregarded entities for income tax purposes, and thus are also tax exempt under Section 501(c)(3) of the IRC.

The Organization's federal tax returns for tax years 2022 and later remain subject to examination by taxing authorities.

Reclassifications

Certain 2025 balances have been reclassified, where appropriate, to conform with the 2026 consolidated financial statement presentation.

Subsequent Events

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

3. Unconditional Promises To Give

Promises to be received in future periods are collectible as follows:

	2026	2025
Less than one year:		
United Way	$ 102,870	$ 103,740
Employee giving campaign	15,353	15,106
Other	16,273	60,698
	134,496	179,544
One to five years:		
Other	52,000	74,000
	186,496	253,544
Discount on long term promises to give	(10,507)	(13,700)
	$ 175,989	$ 239,844

Long-term promises to give are discounted using discount rates ranging from 4.75% to 7.50%.

4. Investments And Assets Restricted/Designated For Endowment

Investments consist of the following:

	2026	2025
Money market funds	$ 762,480	$ 556,441
Fixed income securities	7,175,377	7,020,612
Equity securities	18,078,265	16,614,274
Commodities	617,482	283,530
Real estate investment trusts	511,076	489,505
	$ 27,144,680	$ 24,964,362

These amounts are reported in the consolidated statement of financial position as follows:

	2026	2025
Investments	$ 3,916	$ 4,444
Assets restricted/designated for endowment	27,140,764	24,959,918
	$ 27,144,680	$ 24,964,362

Investment income for the years ended June 30, 2026 and 2025 is comprised of the following:

	2026	2025
Unrealized gains	$ 2,153,329	$ 1,681,845
Realized gains	519,850	408,150
Distributions from trusts	116,444	131,166
Interest and dividend income	919,292	748,289
Less: Investment fees	(87,930)	(81,709)
	$ 3,620,985	$ 2,887,741

Investment income is reported in the consolidated statement of activities as follows:

	2026	2025
Appropriation for current operations	$ 1,023,100	$ 921,500
Distributions from trusts	116,444	131,166
	1,139,544	1,052,666
Investment income in excess of amount designated/appropriated from endowments	2,481,441	1,835,075
	$ 3,620,985	$ 2,887,741

The amount reported as investment income designated for operations is based on an amount appropriated by the Organization's Board in accordance with its investment spending policy. From time to time, the amount appropriated for operations may be in excess of the actual investment return.

5. Irrevocable Charitable Trusts

The Organization is the beneficiary of various irrevocable deferred gifts administered by a third party. The present value of these contracts has been reflected in the consolidated financial statements as annuities receivable and as net assets with donor restrictions due to time restrictions. These receivables are carried at the present value of the estimated future receivable upon maturity. When the contracts mature, the current value will be reclassified as net assets with or without donor restrictions based on the donors' restrictions.

The following is a summary of changes in annuity receivables:

	2026	2025
Beginning balance	$ 54,234	$ 78,906
Maturity of gift annuities	—	(23,946)
Change in present value of receivable	4,804	(726)
Ending balance	$ 59,038	$ 54,234

6. Beneficial Interests In Perpetual Trusts

The Organization is the beneficiary of several perpetual split interest trusts. The Organization records these trusts at fair market value in the amount of split interest as designated by the donors, ranging from 4.76% to 100%.

On February 5, 1971, the Wulfekammer Staake Bode Charitable Trust was established for the primary benefit of the Organization. U.S. Bank and two management persons of the Organization serve as co-trustees. Ten percent of net income of the trust estate during the previous calendar year is retained and reinvested into the principal of the trust; the remaining ninety percent is distributed quarterly to the organization. When the principal of the trust estate as of the first day of any calendar year has increased in value to twice its starting value, the Organization receives a 25% distribution of the trust estate value. The remaining value of the trust principal becomes the new starting value of which is measured for future distributions. Income and principal distributions from the trust are without donor restrictions.

Various terms included in the trust documents require distributions to be made each year based upon income earned and/or a percentage of assets remaining. The Organization received $116,444 in distributions and recognized investment appreciation of $615,207 for the year ended June 30, 2026. The Organization received $131,166 in distributions, and recognized investment appreciation of $254,770, for the year ended June 30, 2025. The Organization's interest in these perpetual trusts amounted to $4,965,542 and $4,350,335 at June 30, 2026 and 2025, respectively. See Note 13 for fair value disclosures.

7. Property And Equipment

Property and equipment consists of:

	2026	2025
Land, buildings and leasehold improvements	$ 5,183,704	$ 5,071,060
Furniture and equipment	1,391,183	1,324,189
Vehicles	2,050,555	2,175,419
Construction in process	—	17,973
	8,625,442	8,588,641
Less: Accumulated depreciation and amortization	4,234,915	4,175,603
	$ 4,390,527	$ 4,413,038

8. Long-Term Debt And Other Long-Term Liabilities

The Organization's outstanding debt balance consisted of bank borrowings that were used to partially finance the purchase of residential homes (the Homes). The Homes are used to support the operating activities of the Organization's Residential Care Programs.

The bank borrowings, which matured during the fiscal year ended June 30, 2020, were structured as 5-year loans with fixed interest rates of 4.50%, and required monthly principal and interest payments totaling $1,998 until maturity, based on a 20-year amortization schedule and one final lump sum payment due at maturity. During 2020, the terms of the loans were amended such that the maturity dates were extended to March 2025 and required monthly principal and interest payments increased to $2,009 until maturity. The loans were secured by the respective property as well as an assignment of the rent associated with each property. During 2025, these loans were repaid in full.

In addition to bank borrowings, the purchase of the Homes was partially financed by long-term funding agreements with the DDRB of St. Charles County ("DDRB"). Under these funding agreements, the DDRB provided $102,031 that may remain outstanding during the term of the Organization's continued ownership and use of the Homes in St. Charles County to support adults with developmental disabilities. The balance related to these funding agreements at June 30, 2026 and 2025 was $102,031, which is included in other long-term liabilities in the consolidated statements of financial position.

9. Leases

The Organization has finance leases for vehicles and office equipment and an operating lease for storage space that expire at various dates through 2031. Some leases include options to renew or terminate the leases that can be exercised at the Organization's discretion.

The components of lease expense are as follows for the years ended June 30, 2026 and 2025:

Finance Lease Costs	**Classification**	**2026**	**2025**
Amortization of ROU assets	Depreciation and amortization	$ 288,373	$ 195,778
Interest	Interest	100,324	85,252
		$ 388,697	$ 281,030

Operating Lease Costs	**Classification**	**2026**	**2025**
Operating lease costs	Depreciation and amortization	$ —	$ 8,996
	Rent	31,392	18,448
		$ 31,392	$ 27,444

The ROU assets and lease liabilities at June 30, 2026 and 2025 are included within the consolidated statement of financial position as follows:

	2026	2025
Assets		
ROU assets - operating lease	$ 12,942	$ 42,628
ROU assets - finance leases	984,887	938,189
	$ 997,829	$ 980,817
Liabilities		
Current liabilities:		
Operating lease liabilities	$ 10,373	$ 28,773
Finance lease liabilities	275,284	197,591
Non-current liabilities		
Operating lease liabilities	—	11,236
Finance lease liabilities	669,457	664,651
	$ 955,114	$ 902,251

Supplemental cash flow and other information related to leases are as follows:

	2026	2025
Cash Flow Information:		
Cash paid for operating leases included in operating activities	$ 31,392	$ 30,528
Cash paid for finance leases included in financing activities	336,973	245,649
ROU assets obtained in exchange for new operating lease obligations	—	59,088
ROU assets obtained in exchange for new finance lease obligations	335,538	535,592
Other Information:		
Weighted-average remaining term - operating leases	0.33	1.33
Weighted-average remaining term - finance leases	3.04	3.78
Weighted-average discount rate - operating leases	4.21%	4.21%
Weighted-average discount rate - finance leases	9.81%	10.60%

The reconciliation of the undiscounted cash flows for each of the next five years of the lease liabilities recorded on the consolidated statement of financial position is as follows:

Years	Operating Lease	Finance Leases
2027	$ 10,464	$ 359,218
2028	—	359,218
2029	—	243,201
2030	—	126,972
2031	—	25,948
Total minimum lease payments	10,464	1,114,557
Less: Amount of lease payments representing interest	91	169,816
Present value of future minimum lease payments	10,373	944,741
Less: Current portion	10,373	275,284
	$ —	$ 669,457

10. Line Of Credit

During 2023, the Organization entered into a revolving line of credit agreement with PNC Bank for borrowings of up to $1,000,000. Borrowing under the line of credit bears interest at a rate equal to one-month Term SOFR rate plus 1.75% (5.43% at June 30, 2026) per annum and is secured by all personal property of the Organization. The line of credit matures on December 15, 2026, and is payable on demand. There were no draws on this line of credit during the years ended June 30, 2026 or 2025. No amount remained outstanding as of June 30, 2026 or 2025.

11. Self-Insured Medical Benefits

The Organization has established a self-insurance plan covering certain medical benefits for substantially all of its employees. Medical claims are subject to per participant and aggregate limits, with the excess liability coverage provided by an independent insurer. After meeting a preset claim limit for a participant, the Organization is reimbursed for the excess cost of claims paid for a participant during the annual term of the insurance policy. The amount expensed by the Organization for these medical benefits is $2,043,998 and $2,565,020 for the years ended June 30, 2026 and 2025, respectively. This expense is included in fringe benefits in the consolidated statements of functional expenses. Based on known facts and historical trends, the accrued self-insurance liability as of June 30, 2026 and 2025 is $177,000 and $157,800, respectively. Management believes that such accruals are adequate and the ultimate resolution of these matters will not have a material adverse effect on the consolidated financial position of the Organization.

12. Net Assets

Net assets with donor restrictions as of June 30 are as follows:

	2026	2025
Time Restricted:		
United Way	$ 102,870	$ 103,740
Annuities	59,038	54,234
Beneficial interests in perpetual trusts	260,010	116,304
Other	68,669	99,773
Total Time Restricted	490,587	374,051
Purpose Restricted:		
Endowment income	1,189,976	1,184,733
Other	14,068	11,338
Total Purpose Restricted	1,204,044	1,196,071
Assets Held in Perpetuity:		
Investments	5,949,881	5,923,664
Beneficial interests in perpetual trusts	4,705,532	4,234,031
Total Assets Held in Perpetuity	10,655,413	10,157,695
	$ 12,350,044	$ 11,727,817

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

	2026	2025
Time Restricted:		
United Way	$ 103,740	$ 115,266
Annuities	—	24,672
Other	46,463	16,327
Total Time Restricted	150,203	156,265
Purpose Restricted:		
Endowment income	838,868	725,628
Other	3,682	10,700
Total Purpose Restricted	842,550	736,328
	$ 992,753	$ 892,593

Endowment

The Organization's endowment consists of various funds established for a variety of purposes. Its endowment includes both endowment funds with donor restrictions and funds designated by the Board to function as endowments. As required by accounting standards, assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation Of Relevant Law

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as endowment with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund with donor restrictions that is not classified in endowment principal is classified as endowment earnings until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following facts in making a determination to appropriate or accumulate endowment funds with donor restrictions:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Organization; and
(7) The investment policies of the Organization.

Endowment Asset Composition By Type Of Fund As Of June 30:

	2026			
	Without Donor Restrictions	With Donor Restrictions		
		Earnings	Principal	Total
Endowment funds with donor restrictions	$ —	$ 1,189,976	$ 5,949,881	$ 7,139,857
Board designated endowment funds	20,000,907	—	—	20,000,907
	$ 20,000,907	$ 1,189,976	$ 5,949,881	$ 27,140,764

	2025			
	Without Donor Restrictions	With Donor Restrictions		
		Earnings	Principal	Total
Endowment funds with donor restrictions	$ —	$ 1,184,733	$ 5,923,664	$ 7,108,397
Board designated endowment funds	17,851,521	—	—	17,851,521
	$ 17,851,521	$ 1,184,733	$ 5,923,664	$ 24,959,918

Changes In Endowment Assets For The Years Ended June 30:

	Without Donor Restrictions	With Donor Restrictions		Total
		Earnings	Principal	
Endowment assets, July 1, 2024	$ 16,214,932	$ 1,180,201	$ 5,901,005	$ 23,296,138
Investment income, net	1,832,461	730,160	22,659	2,585,280
Appropriation for current operations	(195,872)	(725,628)	—	(921,500)
Endowment assets, June 30, 2025	17,851,521	1,184,733	5,923,664	24,959,918
Investment income, net	2,333,618	844,111	26,217	3,203,946
Appropriation for current operations	(184,232)	(838,868)	—	(1,023,100)
Endowment assets, June 30, 2026	$ 20,000,907	$ 1,189,976	$ 5,949,881	$ 27,140,764

Funds With Deficiencies

From time to time, the fair value of assets associated with the individual endowment funds with donor restrictions may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. If such deficiencies exist, the Organization would continue appropriation for certain purposes which are deemed prudent by the Board. There were no such deficiencies as of June 30, 2026 or 2025.

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those funds with donor restrictions that the Organization must hold in perpetuity or for a donor specified period, as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 20 quarters through the March 31 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new contributions and investment return.

13. Fair Value Measurements

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the years ended June 30, 2026 and 2025. Assets measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments and derivatives. The types of investments and derivatives that are classified at this level generally include money market funds and equity securities.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar investments in active markets/exchanges or prices quoted for identical or similar investments in markets that are not active, and fair value is determined using inputs that are derived principally from or corroborated by observable model data by correlation or other means. The types of investments that are classified at this level include fixed income securities.

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment. The inputs into determination of fair value require significant management judgment and estimation. The types of investments that are classified at this level include beneficial interests in perpetual trusts held by others and real estate investment trusts.

There are three general valuation techniques that may be used to measure fair value, as described above:

- *Market approach* - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- *Cost approach* - Based on the amount that currently would be required to replace the service capacity of an asset.
- *Income approach* - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Inputs refer broadly to the assumptions that market participants would use in pricing the investments, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the investment or derivative based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the investment or derivative. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment or derivative.

The Organization's assets that are measured at fair value are reported in the consolidated statement of financial position as either "investments," "assets restricted/designated for endowment" or "beneficial interests in perpetual trusts" at both June 30, 2026 and 2025.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value at June 30, 2026 and 2025:

	2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 762,480	$ —	$ —	$ 762,480
Fixed income securities:				
Investment grade taxable bonds	—	6,607,374	—	6,607,374
International developed bonds	—	248,024	—	248,024
Global high yield taxable bonds	—	319,979	—	319,979
Equity securities:				
U.S. large-cap	7,300,807	—	—	7,300,807
U.S. mid-cap	3,208,034	—	—	3,208,034
U.S. small-cap	1,951,147	—	—	1,951,147
International developed	2,749,684	—	—	2,749,684
Emerging markets	1,963,445	—	—	1,963,445
Hedge funds	905,148	—	—	905,148
Commodities	617,482	—	—	617,482
Real estate investment trusts	—	—	511,076	511,076
Beneficial interests in perpetual trusts	—	—	4,965,542	4,965,542
	$ 19,458,227	$ 7,175,377	$ 5,476,618	$ 32,110,222

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ 556,441	$ —	$ —	$ 556,441
Fixed income securities:				
Investment grade taxable bonds	—	6,493,909	—	6,493,909
International developed bonds	—	204,434	—	204,434
Global high yield taxable bonds	—	322,269	—	322,269
Equity securities:				
U.S. large-cap	6,946,432	—	—	6,946,432
U.S. mid-cap	2,913,431	—	—	2,913,431
U.S. small-cap	1,970,218	—	—	1,970,218
International developed	2,640,020	—	—	2,640,020
Emerging markets	1,281,946	—	—	1,281,946
Hedge funds	862,227	—	—	862,227
Commodities	283,530	—	—	283,530
Real estate investment trusts	—	—	489,505	489,505
Beneficial interests in perpetual trusts	—	—	4,350,335	4,350,335
	$ 17,454,245	$ 7,020,612	$ 4,839,840	$ 29,314,697

There were no significant transfers between Levels 1, 2 or 3 during the years ended June 30, 2026 or 2025. During 2026 and 2025, there were no changes in the methods or assumptions utilized to derive the fair values of the Organization's assets.

As of June 30, 2026 and 2025, the Level 2 and 3 investments listed in the fair value hierarchy tables use the following valuation techniques and inputs:

Fixed Income Securities

The fair value of investments in investment grade taxable, international developed and global high yield taxable bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

Alternative Investments - Real Estate Investment Trusts

Alternative investments consist of investments in Real Estate Investment Trusts (REIT). The fair value of this investment is classified as Level 3. The values for underlying investments are fair value estimates determined by the REIT in accordance with U.S. generally accepted accounting principles.

Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts held by others are valued using the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests. Perpetual trusts held by others are classified within Level 3 of the fair value hierarchy.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2026 and 2025:

	Real Estate Investment Trust	Beneficial Interests In Perpetual Trusts	Total
Balance - July 1, 2024	$ 193,541	$ 4,095,565	$ 4,289,106
Purchases	300,000	—	300,000
Realized and unrealized loss on investment	(4,036)	—	(4,036)
Change in value of beneficial interests in perpetual trusts	—	254,770	254,770
Balance - June 30, 2025	489,505	4,350,335	4,839,840
Realized and unrealized loss on investment	21,571	—	21,571
Change in value of beneficial interests in perpetual trusts	—	615,207	615,207
Balance - June 30, 2026	$ 511,076	$ 4,965,542	$ 5,476,618

14. Funding Concentration

The Organization receives funding for a majority of its clients from DMH under the Medicaid Home and Community Based Services Waiver Program (Medicaid HCBS Waiver Program). DMH pays the Organization for providing services associated with the residential habilitation of these individuals. The amounts received from the above sources account for approximately 99% of total program revenue and approximately 91% and 92%, respectively, of total revenues and support for the years ended June 30, 2026 and 2025.

Since the Organization receives a substantial amount of its support from state and local government agencies, a reduction in the level of this support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

As of June 30, 2026 and 2025, substantially all of the accounts receivable balance represented amounts due from state governmental agencies.

15. Pension Plans

The Organization's employees may be eligible to receive pension benefits under one of two pension plans currently in effect. The first is a defined contribution plan, administered through the United Church of Christ, which provides benefits for employees serving in a ministerial capacity for the Organization. Contributions for ministers are made quarterly at a rate of 14% of the employees' total compensation.

The second plan is a 403(b) retirement plan sponsored by the Organization that provides coverage for its remaining employees. Employees are eligible to participate in salary reduction contributions on their dates of hire. Employees who have completed one year of consecutive service are eligible to receive employer-matching contributions. The Organization's contributions plus any earnings they generate are vested 100% after three years of service.

Pension expense for the years ended June 30, 2026 and 2025 for both plans totaled $348,487 and $306,984, respectively. This amount is included in fringe benefits in the consolidated statement of functional expenses.

16. Commitments

The Organization is the guarantor on leases for residential space entered into by individuals supported by the Organization. The aggregate amount guaranteed by the Organization at June 30, 2026 totaled approximately $1,363,000. These leases expire on various dates through fiscal year 2029.

17. Contingencies

The Organization is subject to legal claims arising out of the normal course of conducting its operations. Management does not expect that these matters will have a material adverse effect on the consolidated financial statements of the Organization.

18. Liquidity And Availability Of Financial Assets

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

	2026	2025
Cash and cash equivalents	$ 12,457,436	$ 8,265,722
Accounts receivable, net of allowance	4,539,702	4,447,389
Grants receivable	42,228	24,606
Unconditional promises to give	134,496	179,544
Less: amounts with donor restrictions	(14,068)	(11,338)
Current assets available for general expenditures	17,159,794	12,905,923
Distributions from beneficial interests in perpetual trusts	120,000	118,500
Endowment spending-rate distributions and appropriations	1,137,700	1,023,100
	$ 18,417,494	$ 14,047,523

The primary revenue source for the Organization is funding provided by DMH under Medicaid HCBS Waiver Program which funds residential services for the Organization's clients (see Note 14). The State of Missouri does not currently fund its Medicaid waiver program at a level that supports the existing economic conditions in the labor markets where the Organization operates. To help fund this revenue shortfall, the Organization engages in a variety of fundraising activities and maintains an endowment to generate investment income.