



**PHOENIX FAMILY**

**FINANCIAL STATEMENTS**

Years Ended June 30, 2025 and 2024



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

### PHOENIX FAMILY

#### *Opinion*

We have audited the accompanying financial statements of Phoenix Family (the "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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 Auditors' Responsibilities for the Audit of the 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 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Auditors' 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 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 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 judgment 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 audits.
- 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 audits 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 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 audits.

*CBIZ CPAs P.C.*

Kansas City, Missouri  
October 23, 2025

**PHOENIX FAMILY**

**STATEMENTS OF FINANCIAL POSITION (Page 1 of 2)**

June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents		
Operating cash	\$ 431,199	\$ 12,730
Restricted and designated cash and cash equivalents:		
Cash reserve	338,132	426,215
Restricted cash	182,664	253,313
Designated cash	94,627	66,292
Total cash and cash equivalents	1,046,622	758,550
Accounts receivables, net	514,591	506,929
Developer fee receivable	15,685	15,685
Unconditional promises to give, net	10,000	35,000
Investments	144,892	390,582
Prepaid expenses	7,033	6,275
Right of use asset - operating lease (current portion)	2,087	2,087
Right of use asset - finance lease (current portion)	4,072	3,490
TOTAL CURRENT ASSETS	1,744,982	1,718,598
RIGHT OF USE ASSET - OPERATING LEASE	16,129	18,278
RIGHT OF USE ASSET - FINANCE LEASE	-	4,071
TOTAL ASSETS	\$ 1,761,111	\$ 1,740,947

See Notes to the Financial Statements

**PHOENIX FAMILY**

**STATEMENTS OF FINANCIAL POSITION (Page 2 of 2)**

June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 75,787	\$ 72,520
Accrued expenses	198,942	162,889
Deferred revenue	12,366	112,000
Operating lease obligation	2,087	2,087
Finance lease obligation	3,622	3,521
TOTAL CURRENT LIABILITIES	292,804	353,017
NONCURRENT LIABILITIES		
Operating lease obligation	16,129	18,278
Finance lease obligation	614	4,236
TOTAL NONCURRENT LIABILITIES	16,743	22,514
TOTAL LIABILITIES	309,547	375,531
<b><u>NET ASSETS</u></b>		
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated net assets	920,768	650,888
Board designated net assets	338,132	426,215
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,258,900	1,077,103
NET ASSETS WITH DONOR RESTRICTIONS	192,664	288,313
TOTAL NET ASSETS	1,451,564	1,365,416
TOTAL LIABILITIES AND NET ASSETS	\$ 1,761,111	\$ 1,740,947

See Notes to the Financial Statements

**PHOENIX FAMILY**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years Ended June 30, 2025 and 2024

	<u>2025</u>			<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SERVICE REVENUE	\$ 2,313,917	\$ -	\$ 2,313,917	\$ 2,074,497	\$ -	\$ 2,074,497
GRANTS AND CONTRIBUTIONS	1,236,225	335,715	1,571,940	901,196	308,249	1,209,445
OTHER SUPPORT AND REVENUE						
Revenue from special events						
Contributions of cash and other financial assets	-	-	-	316,827	-	316,827
Special event revenue	-	-	-	51,570	-	51,570
Less: special event expenditures	-	-	-	(90,769)	-	(90,769)
Net revenues from special events	-	-	-	277,628	-	277,628
Contributions of nonfinancial assets	362,236	-	362,236	337,054	-	337,054
Partnership management fees	10,049	-	10,049	10,000	-	10,000
Interest and investment income	28,499	-	28,499	33,704	-	33,704
Other income	2,500	-	2,500	22,386	-	22,386
Release of restrictions	431,364	(431,364)	-	226,073	(226,073)	-
TOTAL OTHER SUPPORT AND REVENUE	834,648	(431,364)	403,284	906,845	(226,073)	680,772
TOTAL REVENUE	4,384,790	(95,649)	4,289,141	3,882,538	82,176	3,964,714
EXPENSES						
Program services	3,348,245	-	3,348,245	3,118,787	-	3,118,787
Supporting services						
Management and general	549,259	-	549,259	547,250	-	547,250
Fundraising	305,489	-	305,489	213,922	-	213,922
Total supporting services	854,748	-	854,748	761,172	-	761,172
TOTAL EXPENSES	4,202,993	-	4,202,993	3,879,959	-	3,879,959
TOTAL CHANGES IN NET ASSETS	181,797	(95,649)	86,148	2,579	82,176	84,755
NET ASSETS, BEGINNING OF YEAR	1,077,103	288,313	1,365,416	1,074,524	206,137	1,280,661
NET ASSETS, END OF YEAR	\$ 1,258,900	\$ 192,664	\$ 1,451,564	\$ 1,077,103	\$ 288,313	\$ 1,365,416

See Notes to the Financial Statements

**PHOENIX FAMILY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2025 and 2024

	<u>2025</u>				<u>2024</u>			
	<u>Program Services</u>	<u>Fundraising Services</u>	<u>Management and General</u>	<u>Total All Funds</u>	<u>Program Services</u>	<u>Fundraising Services</u>	<u>Management and General</u>	<u>Total All Funds</u>
Payroll and related expenses	\$ 2,521,032	\$ 196,756	\$ 402,432	\$ 3,120,220	\$ 2,270,625	\$ 151,315	\$ 480,721	\$ 2,902,661
Office expenses	85,679	7,114	19,412	112,205	89,354	10,452	15,490	115,296
Contracts and resident services	451,387	1	40,808	492,196	410,846	-	-	410,846
Travel and meetings	39,922	2,262	10,388	52,572	40,901	1,212	3,950	46,063
Professional fees and services	170,481	3,256	58,178	231,915	180,822	26,900	26,570	234,292
Special event expenses	-	27,609	-	27,609	-	10,963	-	10,963
Facility and equipment	79,744	68,491	18,041	166,276	126,239	13,080	20,519	159,838
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 3,348,245</b>	<b>\$ 305,489</b>	<b>\$ 549,259</b>	<b>\$ 4,202,993</b>	<b>\$ 3,118,787</b>	<b>\$ 213,922</b>	<b>\$ 547,250</b>	<b>\$ 3,879,959</b>
	<u>79.66%</u>	<u>7.27%</u>	<u>13.07%</u>	<u>100.00%</u>	<u>80.38%</u>	<u>5.51%</u>	<u>14.11%</u>	<u>100.00%</u>

See Notes to the Financial Statements

**PHOENIX FAMILY**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ 86,148	\$ 84,755
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Amortization of right to use asset - operating lease	3,489	3,489
Amortization of right to use asset - financing lease	2,149	2,087
Conversion of related party advance payable to contribution	-	(414,032)
Net realized and unrealized gain on investments	(1,504)	(10,977)
Change in operating assets and liabilities:		
Accounts receivables	(7,662)	169,804
Prepaid expenses	(758)	(6,275)
Unconditional promises to give	25,000	10,015
Accounts payable	3,267	(38,596)
Accrued expenses	36,053	(6,663)
Deferred revenue	(99,634)	(108,000)
Operating lease obligation	(2,149)	(2,087)
<b>NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>	<b>44,399</b>	<b>(316,480)</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchases of investments	(8,282)	(120,618)
Sales of investments	255,476	109,013
<b>NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>	<b>247,194</b>	<b>(11,605)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Finance lease payments	(3,521)	(3,422)
<b>NET CHANGE IN CASH, RESTRICTED CASH AND CASH EQUIVALENTS</b>	288,072	(331,507)
<b>CASH, RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>758,550</b>	<b>1,090,057</b>
<b>CASH, RESTRICTED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,046,622</b>	<b>\$ 758,550</b>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Conversion of related party advance payable to contribution	\$ -	\$ 414,032
<b>CASH AND CASH EQUIVALENTS</b>		
Operating cash	\$ 431,199	\$ 12,730
Restricted and designated cash and cash equivalents:		
Cash reserve	338,132	426,215
Restricted cash	182,664	253,313
Designated cash	94,627	66,292
<b>CASH, RESTRICTED AND DESIGNATED CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,046,622</b>	<b>\$ 758,550</b>

See Notes to the Financial Statements

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies**

**Nature of operations** - Phoenix Family Housing Corporation d/b/a Phoenix Family (the "Organization") empowers people living in low-income housing communities with the on-site support they need to gain stability and achieve self-sufficiency. The services help residents to build personal and financial assets, to overcome barriers to success, and to develop the skills needed to create a stable home. The Organization connects residents to critical resources and services, provides direct support, and supports residents as they become self-sufficient. Skilled and knowledgeable on-site staff members carry out the Organization's mission by providing support, advocacy, referrals, and program management to 5,012 people living in 3,441 units at 25 senior residential communities and 12 multi-family communities in Missouri, Kansas, and Iowa. In addition, the Organization has partnerships with other affordable housing communities serving six states nationwide. Phoenix Family Ventures, Inc. ("Ventures") a not-for-profit with a similar mission, has control over the appointment of the Board of Directors of the Organization. Ventures allows the two Organizations to segregate the social services and future affordable housing services components of each Organization's operations on a going forward basis.

**Basis of presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Depreciation** - Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<b><u>Assets</u></b>	<b><u>Estimated Useful Lives</u></b>
Furniture, fixtures and equipment	5 years
Computer equipment	3 - 5 years
Vehicles	5 years

**Capitalization policy** - The Organization capitalizes fixed asset additions over \$1,500. Assets purchased are capitalized based on the cost of the asset. Assets donated are capitalized based on the fair value of the asset at the time of donation.

**Cash, restricted and designated cash, and cash equivalents** - For purposes of the statements of cash flows, cash is considered to be bank checking accounts and cash on hand. Amounts included in restricted cash and cash equivalents represent those funds required to be set aside by donor restriction. Designated cash and cash equivalents include board designated cash reserves and cash held in accounts from specific service coordinator property locations. These restricted and designated cash and cash equivalent amounts are reflected as assets on the statements of financial position. The restriction will lapse when the Organization's donor restrictions are satisfied, by board designation and upon the recognition of service revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*.

**Real estate investments** - The Organization has small fractional interests in two low-income housing partnerships. Management estimates that the value of their interests are negligible to the financial statements as a whole and has not reflected any value in these financial statements.

**Investments** - Investments consist of brokered certificates of deposit and fixed income corporate bonds. Investments are reflected at fair value. During the years then ended June 30, 2025 and 2024, the certificates of deposit earned yearly interest at rates between 5.30% and 5.35% with maturity dates from July 2023 through November 2024.

## PHOENIX FAMILY

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies (continued)

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional expenses** - The Organization allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service. Payroll and related expenses are allocated based upon where a staff person spends their time. The Organization separates its accounts into various department categories according to their natural classification to aid in tracking expenses. The amount of supplies, office, meetings, and training expenses are recorded to program, management and general and fundraising based upon these department codes.

**Net assets with donor restrictions** - Net assets with donor restrictions consist of purpose and time restrictions on unconditional promises to give and other contributions.

**Net assets without donor restriction** - Net assets without donor restriction consist of amounts that are available for use in carrying out the operations of the Organization. These include those expendable resources which have been designated by the Board of Directors.

**Board designated net assets** - Board designated net assets represent funds without donor restriction designated by the board of directors for specific projects and/or cash shortfalls and are included within restricted and designated cash and cash equivalents on the statements of financial position.

**Accounts receivables** - Accounts receivables, net on the statements of financial position are stated at the amount of consideration from the customer, of which the Organization has an unconditional right to receive as performance obligations have been met. Accounts receivables are carried at cost less an allowance for credit losses, if an allowance is deemed necessary. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for credit losses, when necessary, based on the history of past write-offs, collections, and current and future economic conditions. An account is written off when it is determined that all collection efforts have been exhausted. The Organization's total allowance for credit losses was \$1,500 as of June 30, 2025, 2024, and 2023. As of June 30, 2025, 2024, and 2023, accounts receivables, net included on the statements of financial position were \$514,591, \$506,929, and \$676,733, respectively.

**Revenue recognition** - Grants and contributions, including unconditional promises to give, are recognized in accordance with Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("Topic 958"). Revenues are recognized as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purpose restriction has been satisfied. Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement and overcoming the right of release or return.

## PHOENIX FAMILY

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies (continued)

**Revenue recognition (continued)** - The Organization recognizes service, partnership management fee, and developer fee revenues in accordance with Topic 606, *Revenue from Contracts with Customers*. Revenue recognition is based on the five-step model: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. Revenues are recognized when the performance obligations of providing the services are met.

Service fees are recognized ratably over the contract service period as benefits are provided consistently through the service period. Service fees are payable in equal monthly installments over the terms of the related contracts. If it is determined that a contract with enforceable right and obligation does not exist, revenues are deferred until all criteria for an enforceable contract are met. Certain management fees are recognized ratably over the service period as benefits are provided consistently through the service period. These fees are payable in equal monthly installments over the terms of the related service period. Other management fees are only recognized when collection of the fees has occurred. Payment of those management fees occur when sufficient surplus cash exists at the partnership level, in accordance with the terms of the partnership agreement and regulatory agreements. Developer fees are recognized ratably over the development period of the projects. Payment of developer fees are collected when sufficient surplus cash exists at the partnership level in accordance with the terms of the partnership agreement and developer fee agreements.

**Taxes** - The Organization has been granted exemption from income taxes by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and is considered a public charity.

The Organization assesses uncertain tax positions on an annual basis. This assessment includes the assessment of private benefits to related parties and disqualified persons. Management believes that no excess private benefit has been conveyed through June 30, 2025 and 2024. This determination has been made through an assessment of estimated revenue streams in relation to below market loans, including developer fees, support service fees, and initially projected principal and interest payment streams. There has not been any interest or penalties recognized in the statements of activities or statements of financial position related to uncertain tax positions. The Organization is no longer subject to income tax examination by taxing authorities for years before 2022.

**Deferred revenue** - Deferred revenue primarily represents funding that has been received from individual apartment complexes under contractual obligations to provide services to tenants at future points in time that were funded through agreements between the various apartment complexes and the State of Missouri ("Note Sale Agreements"). Under the terms of the agreements, upon receipt of the funding, which is received prior to the service being performed, there are stipulations that necessitate the dollars be used at specific properties, as directed by the State, and which further require the properties be maintained as affordable, both of which meet the definitions of conditions. Further, the contracts carry explicit provisions that call for a right of return if the conditions are not met. As of June 30, 2025, 2024, and 2023, receipt of income for future period services included in deferred revenue on the statements of financial position were \$12,366, \$112,000, and \$220,000, respectively.

**Reclassifications** - Certain items in the 2024 financial statements have been reclassified to conform to the 2025 financial statement presentation. There was no impact on the change in net assets.

## PHOENIX FAMILY

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies (continued)

**Consolidation** - In connection with the Organization's investments in certain real estate partnerships, as required by accounting principles generally accepted in the United States of America, management annually assesses whether consolidation is required in the financial statements of these interests, either directly at the Organization level or indirectly through the Organization's ownership in various limited partner, general partner, and member positions in various affordable housing projects. Factors that are considered include assessment of the power to control the entities in question and the economic obligations of the projects.

As of June 30, 2025 and 2024, management has assessed each of these projects and determined that consolidation of project level activity is either not required or the activities were negligible. However, should economic factors or other factors change in the future, consolidation may be required.

**Contributions of non-financial assets and services** - Contributions of non-financial assets and services are recognized under Topic 958, which provides additional transparency regarding contributed nonfinancial assets through presentation and disclosure, both quantitative and qualitative. The standard requires the Organization to present additional information regarding contributed nonfinancial assets. Donated assets are reflected as in-kind contributions at their estimated fair value when received. There were no gifts in-kind subject to donor-imposed restrictions. The following were received during the years ended June 30, 2025 and 2024:

- The Organization received \$146,340 and \$156,500, respectively, in contributed holiday gifts for its Adopt-A-Family and Adopt-A-Senior holiday initiatives. In order to determine the estimated value of donated gifts, the Organization selects a sample of gifts and searches for the price of item from a reputable retailer. The Organization averages the totals of gifts sample to determine an average price on total gifts allocated to a child, senior and household. The average is then applied to the entire population of children, seniors and households included in the initiative.
- The Organization received \$7,200 and \$13,419, respectively, for supplies and backpacks for Operation Backpack. In order to determine the estimated value of donated school supplies, the Organization selects a sample of supplies and searches for the price of item from a reputable retailer. The Organization averages the totals of the sample to determine an average price on total supplies allocated to a child. The average is then applied to the entire population of children.
- The Organization received \$15,030 and \$14,025, respectively, for the Kids for Peace initiative. Donations included books, blankets, pillows, games, and toys. In order to determine the estimated value of donated items, the Organization selects a sample of items and searches for the price of item from a reputable retailer. The Organization averages the totals of the sample to determine an average price on total items allocated to a child. The average is then applied to the entire population of children.
- The Organization received \$82,225 and \$57,132, respectively, for the Help Instill the Key to Education ("HIKE") program. Donations included contributed meals and snacks to distribute for the program. The Organization utilizes the Child and Adult Food Program federal reimbursement rates in order to determine the value of the meals and snacks.

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

- The Organization received \$19,283 and \$5,003, respectively, of donated canned goods received. The Organization utilizes prices charged to the donor for the value of the donated canned goods.
- The Organization recognized \$88,620 of donated office space, which reflects management's estimate of the value of the space for each of the years ended June 30, 2025 and 2024.
- The Organization recognized \$3,538 and \$2,355, respectively, of donated equipment rental, which reflects management's estimate of the value of the space for the years ended June 30, 2025 and 2024.

Donated services are reflected as contributions at their estimated fair value at the date of receipt. A substantial number of volunteers have donated hundreds of hours during the years ended June 30, 2025 and 2024, which do not meet the requirements of the Not-For-Profit Topic of the FASB ASC related to revenue recognition of contributions received and, accordingly, are not recorded in these financial statements. Donated services have been included as contributions of nonfinancial assets in the statement of activities and changes in net assets during the years ended June 30, 2025 and 2024.

**(2) Accounts receivables**

	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
Service fee receivable - Department of Housing and Urban Development ("HUD")	\$ 490,634	\$ 452,005
Other receivables	25,457	56,424
Less: allowance for credit losses	(1,500)	(1,500)
Accounts receivable, net	\$ 514,591	\$ 506,929

The Organization has service agreements with properties in which the funding is derived from a grant agreement between the property and the U.S. Department of Housing and Urban Development ("HUD"). Per the agreements, and the service contract with the properties, the Organization bills HUD directly for the reimbursement of services provided to each of the properties. At June 30, 2025 and 2024, and based on the signed contracts between HUD and the properties, the Organization believes the collection on these agreements is guaranteed by HUD and the properties, thus management does not believe an allowance is necessary. However, see Note 14 for further disclosure relating to risks and uncertainties relating to the federal grant reimbursements from HUD.

**(3) Developer fee receivable**

In connection with the Organization's participation in the development of an apartment complex located in Burlington, Iowa ("Stone Gardens"), the Organization earned, along with the co-developer, a development fee totaling \$1,650,000, of which the Organization's portion of the fee amounted to \$825,000. The Organization is the sole member in the general partner for the partnership that owns this apartment complex. Any unpaid development fee will be non-interest bearing. The remaining fee balance of \$15,865 is reflected as current on the statements of financial position as of June 30, 2025 and 2024.

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Note receivable**

The Organization owns a 100% interest in Greenway GP, LLC. Greenway GP, LLC is the general partner in Greenway of Burlington Associates, LP, which owns the apartment complex discussed in Note 3. HUD assigned its interest in the previous owner's mark-to-market mortgage note, which amounted to approximately \$1,420,280, to Greenway GP, LLC. Due to the low priority of this obligation in relation to the other obligations of the partnership and management's assessment of the low likelihood that the complex will generate sufficient cash flow to provide for repayment of this obligation prior to its maturity on December 31, 2041, management has assessed the probability of the note generating positive cash flow to be remote. In the event that the project does generate sufficient cash flow to make payments on this obligation, the Organization, in negotiations with the special limited partner, has agreed to use a substantial portion of such funds received to provide on-site social services at the complex.

With consideration of the aforementioned factors, the Organization has fully reserved the note as of June 30, 2025 and 2024. All other activities of Greenway GP, LLC, as a subsidiary of the Organization, are considered negligible to the financial statements of the Organization taken as a whole.

Management will reassess the value of this obligation on an annual basis and, if economic factors and cash flows change, the Organization will reflect the changes as current period income or expense. During the years ended June 30, 2025 and 2024, there was no activity included in the financial statements for this note receivable.

**(5) Unconditional promises to give**

Promises to give are carried at promised amounts, less a discount for promised gifts to be received more than one year from the statement of financial position date. The discounts on these amounts are computed using interest rates applicable to the years in which the promises are received. As of June 30, 2025 and 2024, there were no long term pledges and therefore no applicable discount rate. Amortization of any discount would be included in contribution revenue.

On a periodic basis, the Organization evaluates promises to give and establishes an allowance for doubtful collections, based on history, past write-offs, collections, and current and expected conditions. A promise is written off when it is determined that all collection efforts have been exhausted. Management has estimated no allowance was necessary for uncollectible accounts as of June 30, 2025 and 2024.

	<b>June 30,</b>	
	<b>2025</b>	<b>2024</b>
Unconditional promises to give	\$ 10,000	\$ 35,000
Less: current portion	(10,000)	(35,000)
Long-term unconditional promises to give	\$ -	\$ -

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(6) Investments and fair value**

Investments are recorded at fair value and comprised of the following:

	June 30,	
	2025	2024
Cash and cash alternatives	\$ 1,917	\$ -
Certificates of deposit	-	130,842
Fixed income bonds	142,975	259,740
Total investments	\$ 144,892	\$ 390,582

Investment income is included in interest and investment income on the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024 and is not considered material to the statements as a whole.

The Organization measures financial assets and liabilities at fair value in accordance with ASC Topic 820-10. Fair value measurements involve various valuation techniques and assume that the transactions would occur between market participants in the most advantageous market for the Organization. Topic 820-10 establishes a fair value hierarchy and prioritizes the inputs to valuation techniques used to measure fair value into three broad levels and gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The maximization of observable inputs and the minimization of the use of unobservable inputs are required. Classification within the fair value hierarchy is based upon the objectivity of the inputs that are significant to the valuation of an asset or liability as of the measurement date. The three levels within the fair value hierarchy are characterized as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organization's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The management of the Organization endeavors to utilize the best available information in measuring fair value. The following tables summarize the valuation of financial instruments by the above pricing levels as of June 30, 2025 and 2024.

	Level 1	Level 2	Level 3	Total
Cash and cash alternatives	\$ 1,917	\$ -	\$ -	\$ 1,917
Fixed income bonds	142,975	-	-	142,975
Total investments	\$ 144,892	\$ -	\$ -	\$ 144,892

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(6) Investments and fair value (continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 130,842	\$ -	\$ 130,842
Fixed income bonds	259,740	-	-	259,740
Total investments	<u>\$ 259,740</u>	<u>\$ 130,842</u>	<u>\$ -</u>	<u>\$ 390,582</u>

**(7) Fixed assets**

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cost		
Furniture, fixtures and equipment	\$ 7,718	\$ 7,718
Computer equipment	104,935	104,935
Vehicles	48,999	48,999
Total cost	<u>161,652</u>	<u>161,652</u>
Less: accumulated depreciation	(161,652)	(161,652)
Net fixed assets	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense charged to operations was \$0 for the years ended June 30, 2025 and 2024.

**(8) Net assets with donor restrictions**

Net assets with donor restrictions are comprised of the following:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
HIKE Reading Achievement Program	\$ 69,236	\$ 104,464
Emergency Assistance	21,442	29,353
Senior Empowerment Program	63,504	31,625
Other purposes	28,482	17,871
Time restricted, net	10,000	105,000
Total	<u>\$ 192,664</u>	<u>\$ 288,313</u>

Net assets with donor restrictions were released from restriction for the following purposes:

	<u>Years Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
HIKE Reading Achievement Program	\$ 180,103	\$ 112,530
Emergency Assistance	36,745	34,376
Senior Empowerment Program	89,166	23,494
Other purposes	9,325	20,658
Time restricted	116,025	35,015
Total	<u>\$ 431,364</u>	<u>\$ 226,073</u>

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(9) Lease commitments**

The Organization entered into an operating lease for solar panels, beginning on December 12, 2012 with rent payments being \$225 per month through December 2032.

The Organization also entered into a copier lease, beginning on September 7, 2021, with monthly payments of \$308 per month through August 2026. The lease provides the option to renew for 12 monthly terms. The likelihood of exercising the renewals is considered remote.

In addition, the adoption of the leasing standard ASC Topic 842 requires the disclosure of the other information pertaining to the operating cash flows from the leases, the weighted-average remaining lease term for the leases, and the weighted-average discount rate for the leases.

The components of these lease costs are as follows:

	June 30,	
	2025	2024
Supplemental cash flow information:		
Operating cash flows from operating leases	\$ 2,875	\$ 2,974
Financing cash flows from finance leases	3,521	3,422
Weighted-average remaining lease term		
Operating leases (years)	7.45	8.45
Financing leases (years)	1.09	2.09
Weighted-average discount rate		
Operating leases (percentage)	2.88%	2.88%
Financing leases (percentage)	2.88%	2.88%

Minimum future rental payments under these non-cancelable leases with an original term in excess of one year are as follows:

<u>Years ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2026	\$ 2,700	\$ 3,696
2027	2,700	616
2028	2,700	-
2029	2,700	-
2030	2,700	-
Thereafter	6,750	-
Total future minimum lease payments	20,250	4,312
Less imputed interest	2,034	76
Total	\$ 18,216	\$ 4,236

Total rent and occupancy expense was \$90,185 and \$92,656 for the years ended June 30, 2025 and 2024, respectively, and includes the amount of donated office space described in Note 1.

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

## PHOENIX FAMILY

### NOTES TO FINANCIAL STATEMENTS

#### (9) Lease commitments (continued)

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as maintenance costs, in calculating the right-of-use ("ROU") assets and lease liabilities for its office equipment and office space. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The right of use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

#### (10) Related party transactions

During the years ended June 30, 2025 and 2024, \$530,000 and \$845,532 was contributed to the Organization from Ventures, respectively. Additionally, Ventures provides donated office space to the Organization under a month-to-month lease. Under the lease, the Organization recognized \$88,620 of donated office space, which reflects management's estimate of the value of the space for each of the years ended June 30, 2025 and 2024.

In addition to the developer fee discussed in Note 3, the Organization also earned partnership management fees and distributions of \$10,049 and \$10,000, respectively, from Partnerships in which the Organization holds an ownership interest, which have been reflected on the statement of activities and changes in net assets for the years ended June 30, 2025 and 2024.

As of June 30, 2025 and 2024, the Organization is owed \$371,626 and \$335,980, respectively, in partnership management fees from Stone Gardens. Payments towards these fees are expected to be received from the property's available cash flow, if any. Management has assessed the probability of the property generating sufficient positive cash flow to be remote based upon the low priority of this obligation. As such, the Organization has fully reserved the balance as of June 30, 2025 and 2024. Management will reassess the value of this obligation on an annual basis and, if economic factors change, the Organization will reflect the changes as current period activity. Additionally, the Organization is owed a developer fee receivable from Stone Gardens for \$15,685 for the years ended June 30, 2025 and 2024.

#### (11) Concentrations

The Organization maintains cash balances in financial institutions in excess of federally insured limits. At June 30, 2025 and 2024, the Organization had \$457,241 and \$44,176, respectively, of cash held in banks in excess of federally insured limits. Management monitors the soundness of the institutions involved and feels that the Organization's risk is negligible. The Organization has not experienced any losses in such accounts.

The Organization offers services to multiple properties, of which approximately 22% and 21% of these properties are owned by one entity as of June 30, 2025 and 2024, respectively. The remaining properties are owned by various other owners.

Several parties who owe the Organization receivables depend on service coordinator grant proceeds from HUD to fund a substantial portion of its programs. Approximately 5% and 11% respectively, of the accounts receivables, net balance was due from these parties as of June 30, 2025 and 2024. Approximately 95% and 89%, respectively, of the receivables balance was due from HUD.

**PHOENIX FAMILY**

**NOTES TO FINANCIAL STATEMENTS**

**(12) Liquidity**

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, available for general expenditures within one year of the statements of financial position.

	June 30,	
	2025	2024
Financial assets, end of year		
Cash and cash equivalents	\$ 1,046,622	\$ 758,550
Receivables, net	514,591	506,929
Unconditional promises to give, net - current portion	10,000	35,000
Investments	144,892	390,582
Subtotal	1,716,105	1,691,061
Less those unavailable for general expenditures within one year due to:		
Restricted cash	(182,664)	(253,313)
Cash reserve	(338,132)	(426,215)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,195,309	\$ 1,011,533

Phoenix Family has a goal to maintain financial assets consisting of cash and cash equivalents and receivables and promises to give expected to be converted quickly to cash on hand to meet 90 days of normal operating expenses. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing business activities to be general expenditures except those relating to specific donor-imposed purpose restrictions and cash amounts held to be utilized at specific property locations. Phoenix Family has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due by operating a balanced budget. Thus, the Organization anticipates collecting sufficient revenue to cover general expenditures. In addition, as part of its liquidity management, Phoenix Family's board of directors has designated funds to hold a cash reserve in a money market account to utilize towards any special projects or cash shortfalls.

**(13) Employee Retention Credit**

The Organization has filed for a refundable Employee Retention Credit ("ERC") against certain employment taxes paid on qualified wages paid to employees during the period for which operations were impacted by the COVID-19 pandemic as provided under the Consolidated Appropriations Act. This legislation was passed to incentivize businesses to retain employees by offering a refundable tax credit to support ongoing operations. The Organization filed for the credit in July 2022 totaling \$842,715.

Under the terms of the program the Organization must incur qualifying wage or health insurance costs and have either suspended operations under governmental order or experience specified declines in gross receipts. Laws and regulations concerning government programs, including this Act, are complex and subject to varying interpretations. Claims made under this Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the tax credit, and it is not possible to determine the impact, if any, this would have on the Organization.

PHOENIX FAMILY

NOTES TO FINANCIAL STATEMENTS

(13) **Employee Retention Credit (continued)**

The Organization has accounted for the participation in programs deemed to be government grants as conditional contributions under ASC Subtopic 958-605, *Not-for-Profit Entities: Revenue Recognition*, which requires that all program conditions be substantially met before recognition into income. The Organization believes that there are barriers preventing the recognition of income during the year filed, therefore no revenue was recognized during the years ended June 30, 2025 and 2024.

Subsequent to June 30 2025, the Organization received cash for a portion of the credit totaling \$464,820, including interest of \$106,398, and will recognize revenue during the year ended June 30, 2026.

(14) **Risks and uncertainties**

The Organization receives federal grant funds from HUD as described in Note 2. These federal funds are subject to review, audit, and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time although the Organization expects such amounts, if any, to be insignificant.

(15) **Subsequent events**

The Organization has evaluated subsequent events through October 23, 2025, which is the date the financial statements were available to be issued. Except as described in Note 13, there have been no subsequent events that occurred during this period that would require disclosure in these financial statements or would be required to be recognized in the financial statements as of and for the year ended June 30, 2025.