

New Horizons of Southwest Florida, Inc.
Financial Statements
Years Ended August 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
New Horizons of Southwest Florida, Inc.
Estero, Florida

Opinion

We have audited the accompanying financial statements of New Horizons of Southwest Florida, Inc. (the "Organization") (a non-profit corporation), which comprise the statements of financial position as of August 31, 2025 and 2024 and the related statements of activities, 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 New Horizons of Southwest Florida, Inc. as of August 31, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Horizons of Southwest Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Affiliation

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants

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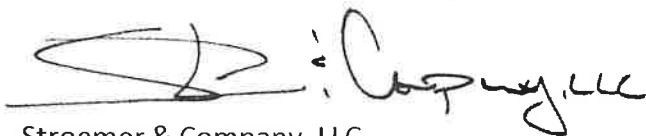
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Stroemer & Company, LLC

Fort Myers, Florida

November 14, 2025

New Horizons of Southwest Florida, Inc.
Statements of Financial Position
August 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 391,059	\$ 303,370
Certificates of deposit	-	156,159
Pledges receivable	5,000	5,000
Beneficial interest in assets held by others	1,770,769	1,757,313
Prepaid expenses	85,392	78,925
Property and equipment, net	367,292	234,716
Total assets	\$ 2,619,512	\$ 2,535,483
Liabilities and net assets		
Accounts payable and accrued liabilities	\$ 54,939	\$ 65,698
Deferred revenue	8,500	5,000
Long-term debt	185,435	191,076
Total liabilities	248,874	261,774
Net assets		
Without donor restrictions	2,337,041	2,239,088
With donor restrictions	33,597	34,621
Total net assets	2,370,638	2,273,709
Total liabilities and net assets	\$ 2,619,512	\$ 2,535,483

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Activities
For the Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants	\$ 967,320	\$ -	\$ 967,320
Contributions	894,698	37,445	932,143
Special event revenue - net of cost of direct donor benefit	534,099	-	534,099
Employee retention credit (ERC) income	308,750	-	308,750
In-kind rental income	213,045	-	213,045
Investment income	123,734	-	123,734
In-kind goods and services	54,793	-	54,793
Interest income	11,910	-	11,910
Gain on sale of property and equipment	7,680	-	7,680
Other income	670	-	670
	<u>3,116,699</u>	<u>37,445</u>	<u>3,154,144</u>
Net asset reclassifications			
Net assets released from restrictions	38,469	(38,469)	-
	<u>3,155,168</u>	<u>(1,024)</u>	<u>3,154,144</u>
Expenses			
Program services	2,120,415	-	2,120,415
Management and general	655,702	-	655,702
Fundraising expenses	281,098	-	281,098
	<u>3,057,215</u>	<u>-</u>	<u>3,057,215</u>
Change in net assets	97,953	(1,024)	96,929
Net assets, September 1, 2024	2,239,088	34,621	2,273,709
Net assets at August 31, 2025	<u>\$ 2,337,041</u>	<u>\$ 33,597</u>	<u>\$ 2,370,638</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Activities
For the Year Ended August 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,215,525	\$ 150,875	\$ 1,366,400
Grants	1,255,886	-	1,255,886
Special event revenue - net of cost of direct donor benefit	378,950	-	378,950
In-kind rental income	376,195	-	376,195
Investment income	258,882	-	258,882
In-kind goods and services	160,006	-	160,006
Interest income	17,625	-	17,625
Gain on sale of property and equipment	5,500	-	5,500
Other income	2,537	-	2,537
	<u>3,671,106</u>	<u>150,875</u>	<u>3,821,981</u>
Net asset reclassifications			
Net assets released from restrictions	147,092	(147,092)	-
	<u>3,818,198</u>	<u>3,783</u>	<u>3,821,981</u>
Expenses			
Program services	2,797,873	-	2,797,873
Management and general	339,690	-	339,690
Fundraising expenses	295,541	-	295,541
	<u>3,433,104</u>	<u>-</u>	<u>3,433,104</u>
Change in net assets	385,094	3,783	388,877
Net assets, September 1, 2023	1,853,994	30,838	1,884,832
	<u>\$ 2,239,088</u>	<u>\$ 34,621</u>	<u>\$ 2,273,709</u>
Net assets at August 31, 2024			

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2025

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising expenses</u>	<u>Total</u>
Salaries	\$ 1,470,820	\$ 167,975	\$ 172,836	\$ 1,811,631
Rental expenses	58,243	169,583	18,792	246,618
Health insurance	-	150,410	-	150,410
Payroll taxes	112,507	11,740	12,521	136,768
Auto expenses	127,493	5,952	-	133,445
Insurance	92,425	9,363	5,166	106,954
Depreciation expense	93,892	-	-	93,892
In-kind goods and services	54,685	108	-	54,793
Computer and internet expenses	12,789	20,326	14,009	47,124
Professional fees	3,227	26,966	8,555	38,748
Supplies and education materials	25,017	1,077	7,651	33,745
Refreshments	23,514	1,285	678	25,477
Events and development	636	31	24,350	25,017
Accounting fees	-	17,968	-	17,968
Telephone	-	15,950	-	15,950
Dues and subscriptions	3,027	9,626	2,081	14,734
Office expenses	2,792	11,001	87	13,880
Repairs and maintenance	6,863	6,832	-	13,695
Seminars and training	7,960	3,562	794	12,316
Activities expense	8,922	74	1,493	10,489
Investment management fees	-	9,156	-	9,156
Utilities	8,032	1,092	-	9,124
Scholarship expenses	3,632	4,068	-	7,700
Bank and credit card fees	37	1,455	5,741	7,233
Gifts and promotions	2,324	2,235	1,261	5,820
Entertainment and meals	951	2,564	1,451	4,966
Printing and reproduction	267	2,307	1,699	4,273
Postage and delivery	47	904	1,636	2,587
Marketing	-	777	275	1,052
Licenses and permits	159	775	-	934
Alarm system	-	540	-	540
Miscellaneous	154	-	22	176
Total expenses	<u>\$ 2,120,415</u>	<u>\$ 655,702</u>	<u>\$ 281,098</u>	<u>\$ 3,057,215</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2024

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising expenses</u>	<u>Total</u>
Salaries	\$ 1,458,346	\$ 152,687	\$ 185,381	\$ 1,796,414
Rental expenses	386,804	3,221	-	390,025
Health insurance	125,588	40,432	7,247	173,267
In-kind goods and services	160,006	-	-	160,006
Payroll taxes	111,839	11,032	13,367	136,238
Auto expenses	110,940	6,379	-	117,319
Insurance	85,408	9,175	5,390	99,973
Repairs and maintenance	76,170	6,499	-	82,669
Events and development	-	-	74,757	74,757
Depreciation expense	71,105	-	-	71,105
Professional fees	33,583	14,833	-	48,416
Computer and internet expenses	41,194	2,777	100	44,071
Accounting fees	-	37,020	-	37,020
Supplies and education materials	31,560	1,460	242	33,262
Seminars and training	18,617	13,724	(383)	31,958
Refreshments	28,344	330	55	28,729
Activities expense	17,474	265	2,113	19,852
Telephone	9,702	5,001	1,213	15,916
Office expenses	2,016	11,250	114	13,380
Scholarship expenses	1,023	10,107	-	11,130
Utilities	9,070	505	-	9,575
Printing and reproduction	8,819	591	55	9,465
Dues and subscriptions	2,558	4,492	962	8,012
Bank and credit card fees	521	3,663	1,001	5,185
Postage and delivery	4,011	149	45	4,205
Investment management fees	-	3,852	-	3,852
Alarm system	2,798	96	-	2,894
Marketing	-	-	2,397	2,397
Entertainment and meals	377	100	1,044	1,521
Miscellaneous	-	-	441	441
Licenses and permits	-	50	-	50
Total expenses	<u>\$ 2,797,873</u>	<u>\$ 339,690</u>	<u>\$ 295,541</u>	<u>\$ 3,433,104</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash received from contributions	\$ 932,143	\$ 1,361,400
Cash received from grants	967,320	1,255,886
Cash received from special events	574,704	414,150
Interest income received	11,910	17,625
Employee retention credit (ERC) income	308,750	-
Other income	670	2,537
Cash paid for programs and support	(2,744,777)	(2,819,085)
Cash paid for interest	(5,039)	(9,415)
Net cash provided by operating activities	45,681	223,098
Cash flows from investing activities:		
Purchases of property and equipment	(229,515)	(76,241)
Proceeds from the sale of property and equipment	10,500	5,500
Proceeds from the sale of certificates of deposit	156,159	125,882
Purchases of beneficial interest in assets held by others	110,505	18,852
Purchases of certificates of deposit	-	(156,159)
Net cash provided by (used in) investing activities	47,649	(82,166)
Cash flows from Financing activities:		
Principal payments on long-term debt	(5,641)	(66,145)
Net cash used in financing activities	(5,641)	(66,145)
Net change in cash and cash equivalents	87,689	74,787
Cash and cash equivalents at beginning of year	303,370	228,583
Cash and cash equivalents at end of year	\$ 391,059	\$ 303,370

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statements of Cash Flows (Continued)
For the Years Ended August 31, 2025 and 2024

	2025	2024
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 96,929	\$ 388,877
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,892	71,105
Unrealized gains	(123,961)	(258,882)
Gain on disposal of property and equipment	(7,453)	(5,500)
(Increase)/decrease in assets:		
Account receivable	-	(5,000)
Other assets	(6,467)	(2,407)
Increase/(decrease) in liabilities:		
Accounts payable and accrued liabilities	(10,759)	29,905
Deferred revenue	3,500	5,000
Net cash provided by operating activities	\$ 45,681	\$ 223,098
Supplemental disclosure of non-cash operating activities:		
In-kind rental space, goods and services recognized	\$ 267,838	\$ 536,201
In-kind rental space, goods and services expensed	\$ (267,838)	\$ (536,201)

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies

1. Organization and nature of operations

New Horizons of Southwest Florida, Inc. (the "Organization") is a Florida nonprofit organization established in 2003. The Organization successfully changes the lives of under-resourced students by providing tutoring, mentoring, and faith-building programs at its trusted after-school clubs in students' neighborhoods.

The Organization has ten locations in Lee and Collier Counties and offers a wide range of programs designed to help the children grow and develop.

2. Basis of accounting

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. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

3. Financial statement presentation

The Organization prepares its financial statements in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

4. Concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents and endowments. The Organization maintains its cash and cash equivalents balances in bank deposit accounts, which at times may exceed federally-insured limits. The Organization has not experienced any economic losses on such account balances and believes it is not exposed to any significant credit risk on its cash and cash equivalent and investment balances.

5. Statement of cash flows

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It does not consider highly liquid investments held for investment (non-operating) purposes in reporting cash flows. As of August 31, 2025 and 2024, there were no such investments held for operations by the Organization.

6. Pledges

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

6. Pledges (continued)

is to be received. Conditional pledges are not included as support and revenue until such time as the conditions are substantially met. Additionally, the Organization uses the allowance method to determine uncollectible unconditional pledges. Any allowance is based on prior year's experience and management's analysis of specific promises made.

7. Beneficial interest in assets held by others - Investments

The Organization accounts for investments in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain and loss on investments is reflected in the statements of activities.

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

8. Property and equipment

Property and equipment are recorded at cost, or if donated, at fair market value on the date of donation. Such donations are recorded as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets with a cost or donated fair value of \$1,000 or more and a useful life of more than one year.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

9. Impairment of long-lived assets

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the years ended August 31, 2025 and 2024.

10. Deferred revenue

Deferred revenue consists of fees and donations prepaid for future events, campaigns and programs that will become earned revenue subsequent to the Organization's year end. The amount of deferred revenue as of August 31, 2025 and 2024 was \$8,500 and \$5,000, respectively.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

11. Net asset classifications

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

Without donor restrictions

Net assets whose use is not restricted by donors or internally designated for other uses.

With donor restrictions

Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors or net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

12. Fair value of financial instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. The Organization estimates that the fair value of all financial instruments as of August 31, 2025 and 2024 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

13. Contributions

The Organization accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

14. Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, or when the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

15. Donated materials and services

Donated land, buildings, equipment, investments, and other non-cash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated asset must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

For the years ended August 31, 2025 and 2024, the Organization received \$213,045 and \$376,195, as in-kind donations for free rental space at ten of its locations, respectively. In addition, the Organization received \$54,793 and \$160,006, of in-kind donated services and goods for the years ended August 31, 2025 and 2024, respectively.

16. Revenue recognition

Revenue from Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization recorded the following exchange transaction revenue in its statements of activities for the years ended August 31, 2025 and 2024:

Special Events

The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

event taking place and is therefore treated as deferred revenue along with the exchange component.

Revenue from Non-Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization recorded the following non-exchange transaction revenue in its statements of activities for the years ended August 31, 2025 and 2024:

Contributions

Revenue from contributions is recognized at the time the support or contribution is made.

Grant revenue

Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and barriers are met.

17. Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Non-direct expenses are allocated using a reasonable percentage method determined by management.

18. Leases

Leases, other than short-term leases, are classified as either finance or operating at inception of the lease, with classification affecting the pattern of expense recognition in the statement of activities. Operating leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. Lease liabilities are calculated as the present value of the remaining minimum lease payments for existing operating leases using either the rate implicit in the lease or, if none exists, the Organization's incremental borrowing rate.

The Organization classifies all leases that at commencement date have a lease term of 12 months or less, does not include an option to purchase the underlying assets, and long-term leases that are considered immaterial as short-term leases. As such, the Organization has taken advantage of the practical expedient permitted within Topic 842, to not recognize the ROU asset or lease liability in its financial statements.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note A - Summary of Significant Accounting Policies (continued)

19. Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

20. Management 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 amount of assets, 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.

21. Reclassifications

Certain amounts have been reclassified in the 2024 financial statements to conform with the presentation of the current year financial statements.

Note B - Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditures were as follows as of August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 391,059	\$ 303,370
Certificates of deposit	-	156,159
Pledges receivable	5,000	5,000
Beneficial interest in assets held by others	1,770,769	1,757,313
Less amounts restricted for future use	(33,597)	(34,621)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,133,231</u>	<u>\$ 2,187,221</u>

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note B - Liquidity and Availability of Financial Assets (continued)

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization also had \$33,597 and \$34,621 of beneficial interest in assets held by others that was donor restricted as of August 31, 2025 and 2024, respectively. Income from these assets is reinvested into the fund.

Note C - Pledges Receivable

Pledges receivable consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Due in one year or less	\$ 5,000	\$ 5,000

Note D - Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consisted of three legacy funds; two with the Collier County Community Foundation and one with Southwest Florida Community Foundation. Net earnings generated by the funds are available for distributions annually and may be used by the Organization for any purpose. The balances of these funds as of August 31, 2025 and 2024 were \$1,770,769 and \$1,757,313, respectively.

Investment income and expenses for the years ended August 31, 2025 and 2024 consisted of the following:

	2025	2024
Investment income	\$ 123,734	\$ 258,882

Note E - Property and Equipment

Property and equipment consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Vehicles	\$ 483,507	\$ 301,020
Computer equipment	438,343	438,343
Equipment	78,949	78,949
Furniture and fixtures	3,084	3,084
Leasehold improvements	2,062	2,062
Signage	400	400
Total property and equipment	1,006,345	823,858

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
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Note E - Property and Equipment (continued)

	2025	2024
Accumulated depreciation	(639,053)	(589,142)
Total property and equipment - net	\$ 367,292	\$ 234,716

Depreciation expense for the years ended August 31, 2025 and 2024 amounted to \$93,892 and \$71,105, respectively.

Note F - Long-Term Debt

Long-term debt consisted of the following as of August 31, 2025 and 2024:

	2025	2024
Note payable to the U.S. Small Business Administration, collateralized by all tangible and intangible property and equipment, with monthly interest and principal payments of \$890, beginning June 25, 2022, with interest at 2.75%. Final payment due August 2048. The loan was modified during the year ended August 31, 2022.	\$ 185,435	\$ 191,076
Total long-term debt	\$ 185,435	\$ 191,076

Total annual principal payments for the long-term debt for the next five years and in the aggregate were as follows:

<u>Year Ending August 31,</u>		
2026	\$	10,680
2027		10,680
2028		10,680
2029		10,680
2030		10,680
Thereafter		132,035
Total	\$	185,435

Interest expense for the years ended August 31, 2025 and 2024 was \$5,039 and \$9,415, respectively.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
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Note G - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- *Quoted prices for similar assets or liabilities in active markets.
- *Quoted prices for identical or similar assets or liabilities in inactive markets.
- *Inputs other than quoted prices that are observable for the assets or liability.
- *Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2025 and 2024. The Organization had no financial liabilities as of August 31, 2025 and 2024.

	Assets at Fair Value as of August 31, 2025			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 1,770,769	\$ 1,770,769
	-	-	1,770,769	1,770,769

	Assets at Fair Value as of August 31, 2024			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 1,757,313	\$ 1,757,313
	-	-	1,757,313	1,757,313

The fair value of the beneficial interest in assets held by others was not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization by Collaboratory and The Collier County Community Foundation (Note D).

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2025 and 2024

Note G - Fair Value Measurements (continued)

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the beneficial interest in assets held by others for the years ended August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,757,313	\$ 1,517,283
Total investment income (loss) included in change in net assets	123,734	258,882
Purchases	(110,505)	(18,852)
	<u><u>\$ 1,770,542</u></u>	<u><u>\$ 1,757,313</u></u>

Note H - Net Assets

Net assets consisted of the following as of August 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Without donor restrictions:	<u><u>\$ 2,337,041</u></u>	<u><u>\$ 2,239,088</u></u>
With donor restrictions:	<u><u>\$ 33,597</u></u>	<u><u>\$ 34,621</u></u>

Net assets with donor restrictions, as of August 31, 2025 and 2024 consisted of a portion of beneficial interest in assets held by others and amounts restricted for scholarships and aid to families.

Note I - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions during the years ended August 31, 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
Expenditure for specific purpose accomplished	<u><u>\$ 38,469</u></u>	<u><u>\$ 147,092</u></u>

Note J - Special Events

Gross receipts from special events recorded by the Organization consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue for the years ended August 31, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Contributions	\$ 571,204	\$ 414,150
Less: Cost of direct donor benefit	(37,105)	(35,200)

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Note J - Special Events (continued)

	<u>2025</u>	<u>2024</u>
Special events - net	<u>\$ 534,099</u>	<u>\$ 378,950</u>

Note K - Subsequent Events

Management has assessed subsequent events through November 14, 2025, the date on which the financial statements were available to be issued.