Interfaith CarePartners, Inc. and Affiliate

COMBINED FINANCIAL STATEMENTS

December 31, 2024 and 2023

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CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Interfaith CarePartners, Inc.
Houston, Texas

Opinion

We have audited the accompanying combined financial statements of Interfaith CarePartners, Inc. (a Texas non-profit corporation) and affiliate (collectively, the Organization), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2024 and 2023, and the changes in their net assets and their 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 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 these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
May 16, 2025

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position

December 31, 2024	Interfaith CarePartners, Inc. Without Donor Restrictions	Interfaith CarePartners, Inc. With Donor Restrictions	Interfaith CarePartners, Inc. **Total**	The Acorn Foundation Without Donor Restrictions	The Acorn Foundation With Donor Restrictions	The Acorn Foundation **Total**	**Combined Total**
Assets							
Cash and cash equivalents	$ 520,142	$ -	**$ 520,142**	$ -	$ -	**$ -**	**$ 520,142**
Restricted cash	-	30,147	**30,147**	-	-	**-**	**30,147**
Investments	753,430	-	**753,430**	-	2,123,209	**2,123,209**	**2,876,639**
Promises to give	80,200	-	**80,200**	-	-	**-**	**80,200**
Accounts receivable, less allowance for credit losses of $4,311	118,116	-	**118,116**	-	-	**-**	**118,116**
Prepaid expenses	20,641	-	**20,641**	-	-	**-**	**20,641**
Operating lease right-of-use assets, net	186,568	-	**186,568**	-	-	**-**	**186,568**
Total assets	$ 1,679,097	$ 30,147	**$ 1,709,244**	$ -	$ 2,123,209	**$ 2,123,209**	**$ 3,832,453**
Liabilities and net assets							
Accounts payable	$ 34,357	$ -	**$ 34,357**	$ -	$ -	**$ -**	$ 34,357
Payroll liabilities	62,558	-	**62,558**	-	-	**-**	**62,558**
Operating lease liabilities	179,450	-	**179,450**	-	-	**-**	**179,450**
Total liabilities	276,365	-	**276,365**	-	-	**-**	**276,365**
Net assets	1,402,732	30,147	**1,432,879**	-	2,123,209	**2,123,209**	**3,556,088**
Total liabilities and net assets	$ 1,679,097	$ 30,147	**$ 1,709,244**	$ -	$ 2,123,209	**$ 2,123,209**	**$ 3,832,453**

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Financial Position

December 31, 2023	Interfaith CarePartners, Inc. Without Donor Restrictions	Interfaith CarePartners, Inc. With Donor Restrictions	Interfaith CarePartners, Inc. **Total**	The Acorn Foundation Without Donor Restrictions	The Acorn Foundation With Donor Restrictions	The Acorn Foundation Total	Combined Total
Assets							
Cash and cash equivalents	$ 281,624	$ -	$ 281,624	$ -	$ -	$ -	$ 281,624
Restricted cash	-	164,196	164,196	-	-	-	164,196
Investments	1,307,000	-	1,307,000	-	1,922,913	1,922,913	3,229,913
Accounts receivable, less allowance for credit losses of $29,364	100,335	-	100,335	-	-	-	100,335
Prepaid expenses	7,871	-	7,871	-	-	-	7,871
Operating lease right-of-use assets, net	350,409	-	350,409	-	-	-	350,409
Total assets	$ 2,047,239	$ 164,196	$ 2,211,435	$ -	$ 1,922,913	$ 1,922,913	$ 4,134,348
Liabilities and net assets							
Accounts payable	$ 31,616	$ -	$ 31,616	$ -	$ -	$ -	$ 31,616
Operating lease liabilities	350,409	-	350,409	-	-	-	350,409
Total liabilities	382,025	-	382,025	-	-	-	382,025
Net assets	1,665,214	164,196	1,829,410	-	1,922,913	1,922,913	3,752,323
Total liabilities and net assets	$ 2,047,239	$ 164,196	$ 2,211,435	$ -	$ 1,922,913	$ 1,922,913	$ 4,134,348

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities

For the year ended December 31, 2024	Interfaith CarePartners, Inc. Without Donor Restrictions	Interfaith CarePartners, Inc. With Donor Restrictions	**Total**	The Acorn Foundation Without Donor Restrictions	The Acorn Foundation With Donor Restrictions	**Total**	**Combined Total**
Support and income							
Congregation grants	$ 11,130	$ 85,500	**$ 96,630**	$ -	$ -	**$ -**	**$ 96,630**
Foundation grants	180,650	32,000	**212,650**	-	-	**-**	**212,650**
Corporate grants	18,748	-	**18,748**	-	-	**-**	**18,748**
Individual grants and contributions	200,635	6,479	**207,114**	-	-	**-**	**207,114**
Nonprofit organizations grants and contributions	1,000	6,000	**7,000**	-	-	**-**	**7,000**
Government grants and contributions	457,984	-	**457,984**	-	-	**-**	**457,984**
Special events	166,976	-	**166,976**	-	-	**-**	**166,976**
Program fee services	604,047	-	**604,047**	-	-	**-**	**604,047**
Investment return	54,813	-	**54,813**	-	215,296	**215,296**	**270,109**
Net assets released from donor restrictions	264,028	(264,028)	**-**	15,000	(15,000)	**-**	**-**
Total support and income	1,960,011	(134,049)	**1,825,962**	15,000	200,296	**215,296**	**2,041,258**
Expenses							
Program service	1,632,759	-	**1,632,759**	-	-	**-**	**1,632,759**
Supporting services							
Management and general	343,990	-	**343,990**	-	-	**-**	**343,990**
Fundraising	260,744	-	**260,744**	-	-	**-**	**260,744**
Total expenses	2,237,493	-	**2,237,493**	-	-	**-**	**2,237,493**
Change in net assets before affiliate transactions	(277,482)	(134,049)	**(411,531)**	15,000	200,296	**215,296**	**(196,235)**
Transfer from Acorn	15,000	-	**15,000**	(15,000)	-	**(15,000)**	**-**
Changes in net assets	(262,482)	(134,049)	**(396,531)**	-	200,296	**200,296**	**(196,235)**
Net assets, at beginning of year	1,665,214	164,196	**1,829,410**	-	1,922,913	**1,922,913**	**3,752,323**
Net assets at end of year	$ 1,402,732	$ 30,147	**$ 1,432,879**	$ -	$ 2,123,209	**$ 2,123,209**	**$ 3,556,088**

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Activities

For the year ended December 31, 2023	Interfaith CarePartners, Inc. Without Donor Restrictions	Interfaith CarePartners, Inc. With Donor Restrictions	Interfaith CarePartners, Inc. **Total**	The Acorn Foundation Without Donor Restrictions	The Acorn Foundation With Donor Restrictions	The Acorn Foundation **Total**	**Combined Total**
Support and income							
Congregation grants	$ 23,625	$ 600	$ 24,225	$ -	$ -	$ -	$ 24,225
Foundation grants	118,250	20,000	138,250	-	-	-	138,250
Corporate grants	79,418	15,150	94,568	-	-	-	94,568
Individual grants and contributions	2,140,072	1,057	2,141,129	-	-	-	2,141,129
Nonprofit organizations grants and contributions	20,500	5,110	25,610	-	-	-	25,610
Government grants and contributions	97,152	-	97,152	-	-	-	97,152
Special events	218,792	-	218,792	-	-	-	218,792
Program fee services	582,823	-	582,823	-	-	-	582,823
In-kind goods and services	600	-	600	-	-	-	600
Investment return	-	-	-	-	218,849	218,849	218,849
Net assets released from donor restrictions	240,197	(240,197)	-	175,000	(175,000)	-	-
Total support and income	3,521,429	(198,280)	3,323,149	175,000	43,849	218,849	3,541,998
Expenses							
Program service	1,356,020	-	1,356,020	-	-	-	1,356,020
Supporting services							
Management and general	361,966	-	361,966	-	-	-	361,966
Fundraising	292,216	-	292,216	-	-	-	292,216
Total expenses	2,010,202	-	2,010,202	-	-	-	2,010,202
Change in net assets before affiliate transactions	1,511,227	(198,280)	1,312,947	175,000	43,849	218,849	1,531,796
Transfer endowment funds to Acorn	-	(199,070)	(199,070)	-	199,070	199,070	-
Transfer to Acorn	(100,930)		(100,930)	-	100,930	100,930	-
Transfer from Acorn	175,000	-	175,000	(175,000)	-	(175,000)	-
Changes in net assets	1,585,297	(397,350)	1,187,947	-	343,849	343,849	1,531,796
Net assets, at beginning of year	79,917	561,546	641,463	-	1,579,064	1,579,064	2,220,527
Net assets at end of year	$ 1,665,214	$ 164,196	$ 1,829,410	$ -	$ 1,922,913	$ 1,922,913	$ 3,752,323

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Functional Expenses

For the year ended December 31,	2024			
	Program Services	**Management and General**	**Fundraising**	**Total**
Interfaith CarePartners, Inc.				
Salaries	**$ 964,041**	**$ 149,036**	**$ 116,538**	**$ 1,229,615**
Fringe benefits and taxes	**210,120**	**28,707**	**24,001**	**262,828**
Contractual and professional services	**137,377**	**127,393**	**22,937**	**287,707**
Printing, postage and supplies	**17,830**	**7,292**	**7,683**	**32,805**
Office rent and maintenance	**165,090**	**6,609**	**4,669**	**176,368**
IT and communications	**31,287**	**5,364**	**3,992**	**40,643**
Professional development	**1,804**	**2,089**	**51**	**3,944**
Insurance	**8,490**	**1,171**	**838**	**10,499**
Other expenses	**12,959**	**15,223**	**7**	**28,189**
Travel and mileage	**7,115**	**26**	**38**	**7,179**
Program support	**76,571**	**1,080**	**-**	**77,651**
Special event expenses	**75**	**-**	**79,990**	**80,065**
Total Interfaith CarePartners, Inc.	**$ 1,632,759**	**$ 343,990**	**$ 260,744**	**$ 2,237,493**

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statement of Functional Expenses

For the year ended December 31,	2023			
	Program Services	Management and General	Fundraising	Total
Interfaith CarePartners, Inc.				
Salaries	$ 786,014	$ 169,178	$ 108,660	$ 1,063,852
Fringe benefits and taxes	169,000	40,644	22,429	232,073
Contractual and professional services	94,143	122,557	40,868	257,568
Printing, postage and supplies	13,215	2,229	8,625	24,069
Office rent and maintenance	162,668	7,433	3,909	174,010
IT and communications	16,116	4,292	11,399	31,807
Professional development	3,620	6,829	467	10,916
Insurance	8,631	53	547	9,231
Other expenses	32,635	8,672	196	41,503
Travel and mileage	6,792	-	18	6,810
Program support	63,136	79	-	63,215
Special event expenses	50	-	95,098	95,148
Total Interfaith CarePartners, Inc.	$ 1,356,020	$ 361,966	$ 292,216	$ 2,010,202

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

Interfaith CarePartners, Inc. and Affiliate
Combined Statements of Cash Flows

For the years ended December 31,		**2024**		2023
Operating activities				
Changes in net assets	**$**	**(196,235)**	$	1,531,796
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Gain on sale of investments		**-**		(38,614)
Net unrealized (gains) losses on investments		**(171,556)**		(132,575)
Amortization of right-of-use asset		**163,841**		161,870
Changes in operating assets and liabilities:				
Promises to give		**(80,200)**		180,000
Accounts receivable		**(17,781)**		(25,405)
Prepaid expenses		**(12,770)**		(1,300)
Accounts payable		**2,741**		18,447
Accrued expenses		**-**		(14,835)
Payroll liabilities		**62,558**		(65,451)
Refundable advances		**-**		(60,000)
Operating lease liabilities		**(170,959)**		(168,988)
Net cash provided by (used in) operating activities		**(420,361)**		1,384,945
Investing activities				
Proceeds from sale of investments		**626,083**		175,000
Purchase of investments		**(2,700)**		(1,607,000)
Receipts of dividends reinvested		**(98,553)**		(47,660)
Net cash provided by (used in) investing activities		**524,830**		(1,479,660)
Net change in cash, cash equivalents and restricted cash		**104,469**		(94,715)
Cash, cash equivalents and restricted cash, beginning of year		**445,820**		540,535
Cash, cash equivalents and restricted cash, end of year	**$**	**550,289**	$	445,820
Reconciliation of cash, cash equivalents and restricted cash				
Cash and cash equivalents	**$**	**520,142**	$	281,624
Restricted cash		**30,147**		164,196
Total cash, cash equivalents and restricted cash	**$**	**550,289**	$	445,820

Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets				
Operating leases	**$**	**-**	$	14,340

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

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited)

In June 1988, the Foundation for Interfaith Research and Ministry (FIRM) was established as a nonprofit corporation to support research, education and service programs relating to the disciplines of theology, religious studies, pastoral care and other public service programs. In July 2000, FIRM legally amended its charter, changing its name to Interfaith CarePartners, Inc. Interfaith CarePartners, Inc.'s certificate of operation under Assumed Name of "CarePartners" became effective on June 2, 2016 for a period of ten years.

CarePartners is a nationally recognized nonprofit organization providing high-quality care for older adults and people with dementia, as well as their caregivers. CarePartners bridges the gap between healthcare and social services by offering programs to educate caregivers and promote their physical and mental well-being while honoring their loved ones' needs, interests, and abilities. CarePartners provides services to help families navigate every step of the aging journey, via support groups, in-home visits, caregiver consultation, workshops, and activity programs designed for individual participants. With a robust corps of certified staff and trained volunteers, CarePartners offers services online, by phone, across the community, and on-site at the Dementia Day Center, the only adult daytime facility in the Houston region for individuals from early to late-moderate stages of dementia. In 2024, CarePartners mobilized 1,517 volunteers to provide 105,000 hours of education, care, and support to 2,051 older adults and their family caregivers.

Program Offerings:

Caregiver Educational Conferences:
Workshops and conferences that provide caregivers with education and community resources to help them take better care of themselves and their loved ones. In 2024, 553 individuals attended our in-person and virtual conference and workshops offered across the region.

Common Ground:
Support groups for family caregivers of older adults and individuals with dementia offering emotional support, resources, and tips about self-care. 12 in-person groups are offered monthly across the Greater Houston area and 2 programs are offered virtually, one weekly and the other bi-weekly. In 2024, 181 family caregivers received 1,956 hours of emotional support through Common Ground.

Caregiver Consultation:
Ongoing one-on-one support, guidance, and action-planning for family caregivers by specialized staff offered in both English and Spanish. Our care consultants provided 356 hours of direct service to 281 caregivers.

Second Family:
In-home companionship and respite program led by volunteers for homebound older adults and individuals living with dementia. Availability limited to geographic areas. 6 teams of volunteers across greater Houston provided 4,335 hours of in-home and transportation assistance to 118 older adults in 2024.

Note 1: ORGANIZATION AND NATURE OF OPERATIONS (Unaudited)(Continued)

The Gathering Place:
Half-day activity program for individuals with dementia with multiple locations throughout Harris, Fort Bend, and Montgomery Counties. In 2024, 44 sites across greater Houston provided 27,105 hours of socialization, care, supervision, and respite to 835 individuals with dementia and their caregivers.

Dementia Day Center:
Licensed Adult Day Center for individuals with dementia that provides a variety of unique activities and quality care from specialized staff in a safe, secure, and well-planned environment. Participants must pay daily rates or receive subsidies through the Harris County Area Agency on Aging or the VA to attend. In 2024, the Day Center provided 46,194 hours of care to 88 individuals with dementia and respite for 104 family caregivers.

CarePartners programs are in Harris, Fort Bend, and Montgomery counties. Our online programs and resources are available to everyone with access to the internet. In addition, our programs have won numerous national and local awards, including a President's Community Service Award, the nation's highest honor for volunteer community service. The organization's reputation for excellence in volunteer program management elicits inquiries from groups across the country seeking advice and consultation, as well as wishing to replicate the procedures and practices of CarePartners' program.

The affiliate of CarePartners is The Acorn Foundation (Acorn), established as a nonprofit corporation in June 1993, to be administered solely for the benefit of CarePartners. Acorn exists to invest and administer the endowment fund for Interfaith CarePartners.

The accompanying combined financial statements include the accounts of CarePartners and Acorn (collectively, the Organization), all of which are under common control. Inter-organization transactions and balances have been eliminated in combination.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the combined 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, the amounts of reported revenues and expenses, and the allocation of expenses among various functions. Actual results could differ from those estimates that were used. Estimates that are particularly susceptible to significant change in the near term are related to allocation of functional expenses.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

As of December 31, 2024 and 2023, the restricted cash of $30,147 and $164,196, respectively, is for the Dementia Day Center and Caregiver staff positions.

Investments and Investment Return

The Organization reports investments at fair value in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities. Investment income and gains restricted by donors are reported as increases in net assets with donor restrictions in the reporting period in which the income and gains are recognized.

Promises to Give

Conditional promises to give are not recognized in the combined financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, if material. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give, consists of the following***:***

December 31,		**2024**		2023
Receivable within one year	**$**	**80,200**	$	-

Accounts Receivable

Accounts receivable consist of billings from contract with customers that are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Contract assets related to revenue from grants or contracts with customers consists of the following:

December 31,		**2024**		2023
Contract assets				
Accounts receivable, beginning of year	**$**	**100,335**	$	74,930
Accounts receivable, end of year	**$**	**118,116**	$	100,335

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management’s best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management’s expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. As of December 31, 2024, and 2023, the allowance for credit losses was $4,311 and $29,364, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. As of December 31, 2024 and 2023, all property and equipment is fully depreciated.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities the combined statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization has elected, as a practical expedient for all classes of assets to use a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the combined financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from fees and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized at point in time when the services are performed. These amounts are included in performance obligation liabilities within the combined statements of financial position, if any.

Grants and contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions.

Special event revenue represents the amount paid by donors, sponsors, and attendees of a fundraising event. Ticket sales include elements of both contributions and exchange transactions and are recorded when the event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided in exchange for the amount paid by event attendees. For the years ended December 31, 2024 and 2023, cost of direct donor benefits totaled approximately $54,400 and $70,400, respectively.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Donated Services

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. Volunteers also contribute their time to support the Organization's service programs, principally in client care, and fund-raising services throughout the year that are not recognized as contributions in the combined financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program or supporting services. Expenses that relate to salaries, fringe benefit and taxes, contractual and professional services, printing, postage and supplies, office rent and maintenance, IT and communications, professional development, insurance, travel and mileage, and program support are allocated based on estimates of time and effort of all staff members, which are reviewed throughout the year and updated, if needed, due to staff changes.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

CarePartners and Acorn are exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and, accordingly, are not subjected to federal income taxes.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740*, Income Taxes*. Using that guidance, tax positions initially need to be recognized in the combined financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024 and 2023, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the combined financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued May 16, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The CarePartners' primary sources of support are contributions and grants. Fundraising events are held during the year to support the CarePartners' budget. Additionally, CarePartners receives funds from Acorn based on budgeted needs. CarePartners operates with a balanced budget and anticipates covering its general expenditures by collection of sufficient support and Acorn's annual transfer of funds.

December 31,	**2024**	2023
Total assets at year end	**$ 3,832,453**	$ 4,134,348
Less non-financial assets		
Prepaid expenses	**(20,641)**	(7,871)
Operating lease right-of-use assets, net	**(186,568)**	(350,409)
Financial assets at year-end	**3,625,244**	3,776,068
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	**(1,954,286)**	(1,888,039)
Restricted by donor to be held in perpetuity	**(199,070)**	(199,070)
Financial assets available to meet cash needs for general expenditures within one year	**$ 1,471,888**	$ 1,688,959

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

Although not expected to be needed, the Acorn's financial assets are available for spending without limitation at the discretion of the Board. As of December 31, 2024, Acorn's financial assets total $2,123,209 consisting of short-term and long-term investments, which could be used to assist CarePartners.

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
  - can be corroborated by observable market data.

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 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 measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Note 4: INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets measured at fair value on a recurring basis consists of the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024			
Total investment in mutual funds	**$ 2,876,639**	**$ -**	**$ -**
December 31, 2023			
Total investment in mutual funds	$ 3,229,913	$ -	$ -

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 5: LEASES

CarePartners has operating leases for office space and equipment. The leases have remaining lease terms of two to five years with no renewal options.

The components of lease expense consist of the following:

For the years ended December 31,	**2024**	2023
Operating lease cost	**$ 166,699**	$ 169,189

Note 5: LEASES (Continued)

Other information related to leases was as follows:

For the years ended December 31,	**2024**	2023
Supplemental Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 173,816**	$ 173,567

Weighted average remaining lease term and discount rates consist of the following:

For the years ended December 31,	**2024**	2023
Weighted average remaining lease term		
Operating leases	**1.12 years**	2.08 years
Weights average discount rate		
Operating leases	**1.13%**	1.09%

Future minimum lease payments under non-cancellable operating leases as of December 31, 2023, were as follows:

For the year ending December 31,	Operating Leases
2025	$ 173,816
2026	2,998
2027	2,998
2029	999
Total future minimum lease payments	180,811
Less imputed interest	(1,361)
Present value of lease liabilities	$ 179,450

Note 6: NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024, CarePartners has net assets with donor restrictions of $21,854 for the Dementia Day Center operations, $5,429 for caregiver education and $2,864 for gathering place to be used in subsequent periods. At December 31, 2023, CarePartners has net assets with donor restrictions of $152,626 for the Dementia Day Center operations and $11,570 for caregiver education to be used in subsequent periods.

Note 6: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

In December 2023, CarePartners' Board of Directors approved the transfer of $199,070 in order for it to generate future earnings for Dementia Day Center operations. At December 31, 2024 and 2023, Acorn has net assets with donor restrictions of $199,070 as the original donor restricted gift and amount required to be retained in perpetuity.

At December 31, 2024 and 2023, net assets with donor restrictions from Acorn in the amount of $1,924,139 and $1,723,843, respectively, are available for investment for the benefit of CarePartners. At December 31, 2024 and 2023, Acorn has net assets with donor restrictions of $199,070 as the original donor restricted gift and amount required to be retained in perpetuity.

Note 7: CONTRIBUTIONS IN-KIND

During the years ended December 31, 2024 and 2023, the Organization received $0 and $600, respectively in donated kits valued at fair value of the cost of similar items.

Note 8: DISTRIBUTIONS FROM AND TO AFFILIATE

During 2024 and 2023, Acorn's Board of Directors approved $15,000 and $175,000, respectively, transfer to CarePartners.

In December 2023, CarePartners' Board of Directors approved the transfer of $199,070 that is required to be held in perpetuity and the future earnings to be used for Dementia Day Center operations. (See Note 6).

In December 2023, CarePartners' Board of Directors approved the return of funds totaling $100,930 to Acorn.

Note 9: CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits with financial institutions at December 31, 2024 and 2023 in excess of federally insured limits of approximately $280,000 and $176,000, respectively.

As of December 31, 2024, one donor accounted for 100% of the promises to give.

As of December 31, 2024 and 2023, two agencies accounted for 50% and 62% of the accounts receivable, respectively.

For the year ended December 31, 2024, there was no donor concentration for grants, contributions and special events. For the year ended December 31, 2023, two donors accounted for 70% of the grants, contributions and special events.