

HOLY ANGELS RESIDENTIAL FACILITY, INC.
SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

HOLY ANGELS RESIDENTIAL FACILITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Holy Angels Residential Facility, Inc.
Shreveport, Louisiana

Opinion

We have audited the accompanying financial statements of Holy Angels Residential Facility, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 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 Holy Angels Residential Facility, Inc. as June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Holy Angels Residential Facility, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 Holy Angels Residential Facility, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 Holy Angels Residential Facility, 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 Holy Angels Residential Facility, 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.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC
Mansfield, Louisiana
January 19, 2026

FINANCIAL STATEMENTS

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Statement of Financial Position June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,105,697	\$ 2,571,993
Investments	306,956	271,181
Accounts receivable, net of allowance	3,502,002	1,633,704
Unconditional promises to give	36,000	36,000
Cash and cash equivalents - with donor restrictions		
Restricted for program expenses	103,063	154,288
Restricted for equipment, software and improvements	90,573	31,048
Restricted for residents	204,597	192,515
Inventory	18,932	9,174
Prepaid items	621,880	483,518
Total current assets	8,989,700	5,383,421
Long-term unconditional promises to give	666,109	657,832
Property, equipment and ROU assets, net	7,181,840	5,581,100
Total Assets	\$ 16,837,649	\$ 11,622,353
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued salaries	\$ 244,603	\$ 217,292
Accrued payroll taxes and employee withholdings	37,875	49,780
Accounts payable	631,219	500,491
Provider fees payable	87,049	86,742
Due to residents from donor restricted cash	204,597	192,515
Accrued compensated absences	279,545	331,962
Current portion operating lease liability	943,221	240,803
Current portion of long-term debt	61,344	58,362
Total current liabilities	2,489,453	1,677,947
Long-term Liabilities		
Long-term operating lease liability	1,254,163	41,688
Long-term debt, less current portion	53,241	114,560
Total long-term liabilities	1,307,404	156,248
Total Liabilities	3,796,857	1,834,195
Net Assets		
With donor restrictions	895,745	879,168
Without donor restrictions	12,145,047	8,908,990
Total Net Assets	13,040,792	9,788,158
Total Liabilities and Net Assets	\$ 16,837,649	\$ 11,622,353

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Statement of Activities For the years ended June 30, 2025 and 2024

	2025	2024
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
Operating revenues:		
Client care fees and charges:		
Government funds: Title XIX funds, social security, other state funds	\$ 16,981,542	\$ 14,706,932
Private pay	348,720	382,924
ABA Therapy revenue	1,712,747	1,428,527
Community School Tuition	235,661	160,072
Other fees	197,165	28,000
Total client care fees and charges	19,475,835	16,706,455
Public Support:		
Private gifts and contracts	966,778	1,255,312
In-kind contributions	-	35,000
Special events	543,070	560,005
Other Revenue:		
Day program AngelWorks revenue	435,651	335,325
Royalties	14,880	13,650
Investment income	133,254	123,876
Miscellaneous	13,789	9,529
Gain on disposal of assets	3,366	1,333
Unrealized gain on investments	21,528	31,092
Total revenue without donor restrictions	21,608,151	19,071,577
Net assets released from restrictions:		
Satisfaction of program expenditures	1,960,349	1,624,080
Satisfaction of capital acquisition restrictions	-	25,000
Total operating revenues, public support, and other revenues without donor restrictions	23,568,500	20,720,657
Expenses		
Program services:		
Habilitation and client care	17,479,087	16,983,132
Supporting services:		
General and administrative	2,200,569	2,170,409
Fund Raising:		
Development	501,139	540,053
Direct costs of special events	152,428	141,056
Total expenses	20,333,223	19,834,650
Increase in net assets without donor restrictions	3,235,277	886,007
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Public Support:		
Private gifts and contracts	247,046	178,069
Government grants	188,978	29,000
Other Grants	1,541,682	1,361,301
Net assets released from restrictions	(1,960,349)	(1,649,080)
Increase (Decrease) in net assets with donor restrictions	17,357	(80,710)
Increase(Decrease) in net assets	3,252,634	805,297
Net Assets at beginning of year	9,788,158	8,982,861
Net Assets at end of year	\$ 13,040,792	\$ 9,788,158

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Statement of Cash Flows For the years ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Cash received from client fees and charges	\$ 19,426,920	\$ 16,476,240
Cash received from contributors	1,564,271	3,383,687
Cash collected on promises to give	35,623	36,002
Other receipts	504,820	522,554
Cash paid to employees	(12,287,824)	(11,338,562)
Cash paid to suppliers	(7,537,651)	(8,126,305)
Interest paid	(7,872)	(12,471)
Net Cash Provided by Operating Activities	1,698,287	941,145
Cash flows from investing activities:		
Purchase of fixed assets	(248,583)	(377,000)
Investment income	133,254	123,876
Purchase investments	(14,248)	(7,201)
Net Cash Used by Investing Activities	(129,577)	(260,325)
Cash flows from financing activities:		
Proceeds from sale of assets	43,739	-
Payments on notes payable	(58,363)	(53,418)
Net Cash Used by financing activities	(14,624)	(53,418)
Net (Decrease) Increase in Cash	1,554,086	627,402
Cash and cash equivalents at the beginning of the year	2,949,844	2,322,442
Cash and cash equivalents at the end of the year	\$ 4,503,930	\$ 2,949,844
Reconciliation to Statement of Financial Position:		
Current assets: Cash and cash equivalents	\$ 4,105,697	\$ 2,571,993
Cash and cash equivalents - temporarily restricted	398,233	377,851
Total cash and cash equivalents	\$ 4,503,930	\$ 2,949,844
Supplemental Disclosure of Cash Flow Information		
Noncash lease obligation	\$ 1,914,893	\$ 63,000
Noncash loans	-	\$ 39,420
Total noncash transactions	\$ 1,914,893	\$ 102,420

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

**Statement of Functional Expenses
For the year ended June 30, 2025**

	Program Services	General and Administrative	Fund- raising	Total
Personnel expenses	\$ 8,824,743	\$ 1,315,774	\$ 180,533	\$ 10,321,050
Payroll taxes	658,671	95,543	13,066	767,280
Health insurance	628,804	84,389	14,641	727,834
Retirement	134,829	38,244	-	173,073
Workers' compensation insurance	93,985	21,090	2,414	117,489
Payroll benefits other	90,368	53,719		144,087
Operating supplies	1,509,882	32,195	1,452	1,543,529
Operating fees	66,556	17,830	12,835	97,221
Provider fees	1,115,824	-	-	1,115,824
Automobile expense	63,712	-	-	63,712
Building maintenance and occupancy	2,036,265	129,062	-	2,165,327
Contract labor	647,192	130,942	65,389	843,523
Client needs and assistive devices	119,438	-	-	119,438
Consultants and professional fees	199,362	57,211	34,372	290,945
Direct costs-special events	-	-	152,428	152,428
Licenses and dues	19,810	20,338	5,163	45,311
Insurance	315,733	41,903	-	357,636
Interest expense	7,139	733	-	7,872
Advertising and promotion	19,801	20,382	76,873	117,056
Miscellaneous	58,266	13,089	12,569	83,924
Office and computer expense	292,773	56,329	64,941	414,043
Postage	13,871	7,699	13,562	35,132
Telephone expenses	48,225	6,261	2,282	56,768
Travel expenses	23,324	9,334	1,047	33,705
Total expenses before depreciation	<u>16,988,573</u>	<u>2,152,067</u>	<u>653,567</u>	<u>19,794,207</u>
Depreciation	490,514	48,502	-	539,016
Total program and supportive services expenses	<u>\$ 17,479,087</u>	<u>\$ 2,200,569</u>	<u>\$ 653,567</u>	<u>\$ 20,333,223</u>
	86.0%	10.8%	3.2%	100.0%

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See the accompanying independent auditor's report.**

HOLY ANGELS RESIDENTIAL FACILITY, INC.

**Statement of Functional Expenses
For the year ended June 30, 2024**

	Program Services	General and Administrative	Fund- raising	Total
Personnel expenses	8,137,017	\$ 1,404,314	\$ 232,890	\$ 9,774,221
Payroll taxes	605,590	100,590	16,966	723,146
Health insurance	556,316	98,713	15,404	670,433
Retirement	130,990	41,132	-	172,122
Workers' compensation insurance	115,822	22,164	2,853	140,839
Payroll benefits other	36,128	24,239	-	60,367
Operating supplies	1,445,432	24,958	2,947	1,473,358
Operating fees	77,243	18,178	12,929	108,350
Provider fees	1,106,154	-	-	1,106,154
Automobile expense	74,377	-	-	74,377
Building maintenance and occupancy	1,852,109	131,770	36,495	2,020,374
Contract labor	1,376,392	30,758	60,443	1,467,593
Client needs and assistive devices	75,494	-	-	75,494
Consultants and professional fees	161,252	53,614	27,084	241,950
Direct costs special events	-	-	141,056	141,056
Licenses and dues	11,908	20,738	2,238	34,884
Insurance	355,482	65,430	-	420,912
Interest expense	11,072	1,398	-	12,470
Advertising and Promotion	25,599	9,770	62,452	97,821
Miscellaneous	48,648	5,898	2,851	57,397
Office and computer expense	180,399	44,934	58,010	283,343
Postage	8,576	9,617	3,473	21,666
Telephone expenses	42,281	8,996	-	51,277
Travel expenses	24,894	6,496	3,018	34,408
Total expenses before depreciation	16,459,175	2,123,707	681,109	19,263,991
Depreciation	523,957	46,702	-	570,659
Total program and supportive services expenses	<u>\$ 16,983,132</u>	<u>\$ 2,170,409</u>	<u>\$ 681,109</u>	<u>\$ 19,834,650</u>
	85.6%	10.9%	3.4%	100%

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

Nature of Organization

Holy Angels Residential Facility, Inc. (the Facility) is a Louisiana not-for-profit corporation chartered on August 8, 1986. The Facility is a private residential and training facility, located in Shreveport, Louisiana, whose purpose is to provide residential care, habilitation, and vocational services to developmentally disabled individuals that maximize their dignity and future potential. Holy Angels cares for approximately 179 clients within the facility which includes thirteen group homes and three dormitories.

The Facility is supported primarily by participating in Federal and State funded government programs. The percentage of client care revenue received by the Facility from Federal and State funded Title XIX Funds was approximately 87% and 88% of total operating revenues for the years ended June 30, 2025 and June 30, 2024, respectively. Other support is provided by private tuition payments, donor contributions, and special events.

In addition to the residential care provided, The Facility offers a day program for all residents and for individuals with disabilities who live in the community who are at least eighteen years of age. AngelWorks provides meaningful work and produces retail products and services in the areas of business services, culinary arts, Howdy Ice Cream, horticulture, and creative arts.

The Holy Angels Community School (formerly Autism Center) serves individuals with developmental delays or learning disabilities by providing therapeutic and educational opportunities. They serve approximately 50 children from ages 2-21 and their families. These children receive Applied Behavior Analysis and/or daily educational services.

1. *Summary of Significant Accounting Policies*

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Facility is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Board of Directors and/or the passage of time.

Funds established by the clients for their benefit are classified as a liability, rather than as a net asset. These funds are referred to as client funds. The Facility maintains variance power and legal ownership of client funds and as such continues to report the funds as assets of the Facility. The financial effects of the transactions in these client funds are recorded as changes in the liability and not included in the statement of activities.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash represents coin, currency, bank demand deposits, and other negotiable instruments that are readily acceptable in lieu of currency. For purposes of the statement of cash flows, the Facility considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The investments consist of marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Unrealized gains and losses are included in the change of net assets in the accompanying Statement of Activities and are summarized as follows:

June 30, 2025			June 30, 2024		
Cost	Fair Value	Unrealized Gain(loss)	Cost	Fair Value	Unrealized Gain(loss)
\$ 238,883	\$ 306,956	\$ 68,073	\$ 224,635	\$ 271,180	\$ 46,546

Accounts Receivable

The Facility carries its accounts receivable at estimated net realizable values. The Facility recognizes specific accounts as uncollectible; accordingly, an allowance for doubtful accounts is recorded as needed. No collateral is required.

Promises to Give

Promises to give are recognized when the donor makes a pledge to the Facility that is, in substance, unconditional. Amounts received that are designated for future periods or restricted by the donor are reported as public support and increase the net assets with donor restrictions. Pledges receivable and charitable remainder lead trusts in the accompanying statements of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term receivables on the statement of financial position. With the exception of the charitable remainder lead trust, all long-term receivables are expected to be collected within five years.

Inventory

Inventory, which consists primarily of household and medical supplies used in the group homes and dormitories, is valued at cost.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Facility reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Facility reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Facility follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Gains or losses on dispositions of property are included in the Statements of Activities. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Contributions

All contributions are considered available for the Facility's general programs unless specifically restricted by the donor. Contributions with donor restrictions are conditional promises to give and indications of intentions to give are reported at fair market value at the date the gift is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions In-Kind

The Facility records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The following amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value when received. The facility did not receive any in-kind contributions in year end June 30, 2025. A vehicle with a market value of \$35,000 was received for year end June 30, 2024.

Many volunteers have donated significant amounts of their time to the Facility's special events and program services. Management estimates that it receives more than 1,000 volunteer hours per year. The volunteer hours have not been recorded in the statement of activities since they do not meet the criteria for recognition as contributed services.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Facility recognizes revenue from providing service to clients when their performance obligation of providing the services are met.

Income Taxes

The Facility is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Facility's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2022, 2023, and 2024 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs

Advertising costs are expensed as incurred. The advertising costs included are reported under the following functional expenses:

	<u>2025</u>		<u>2024</u>
Program services	19,801		25,599
General & Administrative	\$ 20,382	\$	9,770
Fundraising	76,873		62,452
	<u>\$ 117,056</u>	<u>\$</u>	<u>97,821</u>

Functional Allocation of Expenses

The costs of providing the Facility's various programs and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

2. Cash and Cash Equivalents and Concentration of Credit Risk

The Facility has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC) or provided by the Securities Investor Protection Corporation (SIPC). The maximum loss that would have resulted from that risk totaled approximately \$1,399,665 and \$2,443,910 at June 30, 2025 and 2024, respectively, for the excess of deposit liabilities reported by the financial institutions over the amounts that would have been covered by insurance. The Facility has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash and cash equivalents.

3. Accounts Receivable

Accounts receivable consists of the following:

	2025	2024
Tuition and Medical Claims	\$ 1,290,380	\$ 1,153,450
Less tuition allowance	(55,000)	(55,000)
Autism	356,704	474,719
Less autism allowance	(30,000)	-
Other	1,939,918	60,535
Total accounts receivable	\$ 3,502,002	\$ 1,633,704

4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2025 and 2024, represent unrestricted revenue promised through the Creating Opportunities Campaign and a charitable lead trust as follows:

	2025	2024
Charitable remainder lead trust	\$ 702,109	\$ 693,832

Unconditional promises to give due in more than one year are recognized at fair value when the donor makes an unconditional promise to give to the Facility. Promises to give of \$702,109 and \$693,832 for years ended June 30, 2025 and 2024, respectively are in a charitable lead trust which has an estimated long-term investment return of 5% and discount rate of 5% and is recorded at fair market value. The increase in fair value of \$43,900 and \$7,843 was included in the changes of net assets with donor restrictions for years ended June 30, 2025 and 2024, respectively.

Amounts receivable in:	2025	2024
Less than one year	\$ 36,000	\$ 36,000
One to five years	250,000	250,000
More than 5 years	416,109	407,832
	\$ 702,109	\$ 693,832

Uncollectible accounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

5. *Prepaid Items*

Prepaid items on June 30 consist of the following:

	2025		2024
Insurance	\$ -	\$	48,031
Employee benefits	62,890		58,861
Howdy Franchise Fees	50,000		50,000
Services	508,990		326,626
	\$ 621,880	\$	483,518

6. *Property and Equipment*

Property and equipment at June 30 consist of the following:

	2025		2024
Nondepreciable assets:			
Land	\$ 60,000	\$	60,000
Construction in progress	-		-
Depreciable assets:			
Equipment	1,873,370		2,600,725
Land improvements	171,311		165,821
Leasehold improvements	7,065,044		7,169,662
Vehicles	885,264		931,264
Right of use assets:			
Equipment	365,011		274,466
Buildings	4,296,748		1,563,591
Total assets	14,716,748		12,765,529
Less accumulated depreciation/amortization:			
Accumulated depreciation	(5,070,533)		(5,628,863)
Accumulated amortization	(2,464,375)		(1,555,566)
Total accumulated depreciation/amortization:	(7,534,908)		(7,184,429)
Property and equipment, net	\$ 7,181,840	\$	5,581,100

Depreciation was \$539,016 and \$570,659 for the years ended June 30, 2025 and 2024, respectively. Amortization of \$908,809 and \$709,203 is included in building and occupancy expense as part of lease expenses for the years ended June 30, 2025 and 2024 respectively.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

7. Notes Payable

Notes payable consist of the following on June 30:

	2025	2024
Line of credit of \$500,000 with Red River Bank dated June, 2019	\$ -	\$ -
Six (6) Red River Bank loans dated 10/22/21 thru 12/28/21, for \$195,264 due in 60 payments totalling \$3,623.33 monthly including interest at 4.25% collateralized with six vehicles.	60,786	100,683
Red River Bank loan dated 10/11/23 for \$39,420 due in 60 payments of \$636.17 monthly including interest at 7.75% collateralized with a van	27,951	35,009
Red River loan dated 07/08/22 for \$57,348 due in 60 payments of \$1,097.56 monthly including interest at 5.5% collateralized with a van	25,848	37,230
Total debt	114,585	172,922
Less current portion	(61,344)	(58,362)
Long-term debt	\$ 53,241	\$ 114,560

Future scheduled maturities of notes payable are as follows:

Year Ending June 30,	Principal	Interest
2026	\$ 61,345	\$ 4,838
2027	40,061	1,978
2028	10,021	639
2029	3,158	52
	\$ 114,585	\$ 7,507

8. Leases

As disclosed in Note 1, Holy Angels has adopted FASB ASC 842. Under ASC 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. The facility has three right-of-use (ROU) building leases and four ROU equipment leases that were determined to be operating leases and are summarized as follows:

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

8. Leases (continued)

	Lease Liability at June 30, 2025	Lease Liability at June 30, 2024
Operating Leases ROU Buildings:		
Zita Real Estate Corporation lease for the Facility's premises, effective October 1, 2024 until September 30, 2027. Lease payment \$69,858 monthly discounted at Red River Bank borrowing rate in 2024 of 7.75%.	\$ 1,736,923	\$ 160,244
Zita Real Estate Corporation lease for 5 group homes beginning October 1, 2024 for a term of 2 years renewable at September 30, 2027. Payments of \$14,927 monthly discounted at Red River Bank borrowing rate in 2024 of 7.75%.	371,131	34,878
Matthews Commercial Properties lease for 2850 Douglas Dr, Bossier City, LA beginning September 1, 2023 for a term of 3 years renewable at August 31, 2026. Payments of \$1,750 monthly discounted at Red River Bank borrowing rate in 2023 of 4.25%.	23,862	43,395
Operating Leases ROU Equipment		
Pitney Bowes postal meter lease for 63 months beginning February, 2024 with quarterly payments of \$338 discounted at the treasury yield rate at time of lease.	5,111	-
Auto-Chlor lease of sanitizing equipment for 12 months beginning August, 2024 with payments every 4 weeks of \$3,204 discounted at the treasury yield rate at time of lease.	3,193	3,202
Graybar telephone system lease for 60 months beginning May, 2021 with monthly payments of \$1,789.68 discounted at the treasury yield rate at time of lease.	17,828	39,057
Konica Minolta printers/copiers lease dated September, 2024 for 60 months with monthly payments of \$936.81 discounted at the treasury yield rate at time of lease.	39,336	1,715
Total operating lease liability	2,197,384	282,491
Less current portion	(943,221)	(240,803)
Long-term debt	\$ 1,254,163	\$ 41,688

As the building leases do not provide an implicit rate, the Facility uses its local bank borrowing rate based on the information available at the commencement date in determining the present value of the lease payments.

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

8. Leases (continued)

The following summarizes the components of lease expense included in operating expenses in the statements of activities for the year ended June 30:

	2025	2024
Operating lease expense included in functional expenses	\$ 1,071,698	\$ 874,806
Cash paid for amounts included in the measurement for lease liabilities	\$ 1,071,698	\$ 874,806
Right-of-use assets obtained in exchange for lease obligations	\$ 2,823,712	\$ 63,000
Weighted average remaining years in operating leases	3.12	0.77
Weighted average discount rate	7.58%	2.56%

Maturities of operating lease liabilities as of June 30, 2025:

Year Ending June 30,	Total lease payments	Less Interest	Operating Lease Liability
2026	1,077,751	134,538	943,213
2027	1,039,148	61,795	977,353
2028	267,657	4,087	263,570
2029	11,660	345	11,315
2030	1,945	10	1,935
	\$ 2,398,161	\$ 200,775	\$ 2,197,384

9. Net Assets with Donor Restrictions

Net assets are 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 with donor restrictions at June 30, 2025 and 2024, are restricted for the following purposes:

	2025	2024
Subject to expenditure for specified purpose		
Program Services:		
Angel Care	\$ 93,063	\$ 142,500
Autisim	-	5,770
AngelWorks	10,000	5,518
Equipment, software, improvements	90,573	31,048
Other	-	500
	\$ 193,636	\$ 185,336
Subject to passage of time:		
Angel University		
Charitable lead trust	702,109	693,832
	\$ 895,745	\$ 879,168

HOLY ANGELS RESIDENTIAL FACILITY, INC.

Notes to Financial Statements June 30, 2025

10. Retirement Plan

The Facility has a 403(b)-retirement plan for the benefit of eligible employees, as defined by the plan, who meet certain minimum service requirements. Eligible employees may defer a portion of their salary, up to the elective deferral limit set by the Internal Revenue Service. Retirement plan costs for the years ended June 30, 2025 and 2024, totaled \$172,111 and \$191,850, respectively. A participant is at all times 100% vested in Employee Contributions.

Participants' Employer Contributions are 100% vested upon the attainment of their normal retirement age, or if earlier upon meeting the following vesting requirement:

<u>Years of Vesting Service</u>	<u>Vesting %</u>
Less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

11. Contingency

As discussed in Note 8, the Facility is leasing a substantial portion of its premises from Zita Real Estate Corporation. Should this entity discontinue the current leasing arrangement, the Facility's ability to continue as a going concern would be in jeopardy.

12. Liquidity and Availability of Financial Assets

The following reflects Holy Angel Residential Facility's financial assets available within one year of the statement of net position dates for general expenditures:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,105,697	\$ 2,571,993
Investments	306,956	271,181
Accounts receivable	3,502,002	1,633,704
Unconditional promises to give	36,000	36,000
Restricted cash :		
Program expenses	103,063	154,288
Equipment, software and improvements	90,573	31,048
	<u>\$ 8,144,291</u>	<u>\$ 4,698,214</u>

As part of the Facility's liquidity management, it has a line of credit in the amount of \$500,000, which could be drawn upon.

13. Subsequent Events

Management has evaluated subsequent events through January 19, 2026, the date the financial statements were available to be issued and has concluded that there was no significant event requiring recognition or disclosure through that date.