

Consolidated Financial Report

Clover, Inc. and Affiliates
New Orleans, Louisiana

June 30, 2025 and 2024



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Clover Inc. and Affiliates,
New Orleans, Louisiana.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Clover Inc. and Affiliates (the "Organization") (a non-profit organization) which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Clover Inc. and Affiliates as of June 30, 2025, and the changes in its net assets, functional expenses, and its cash flows for the year 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 and the standards applicable to consolidated financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements and expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule (page 32) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Schedule 1 is required by Louisiana Revised Statute 24:513(a)(3). Such information in the supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the Organization's internal control over consolidated financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is to describe the scope of our testing of internal control over consolidated financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over consolidated financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**Clover Inc. and Affiliates**

New Orleans, Louisiana

June 30, 2025

(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 1,803,106	\$ 1,788,633
Accounts receivable:		
Government contracts	1,009,660	262,685
Other	229,513	360,880
Unconditional promises to give, net	-	78,462
Prepaid expenses	692,915	669,296
Investments	7,452,428	6,868,054
Property and equipment, net	<u>9,746,510</u>	<u>10,397,607</u>
Total assets	<u><u>\$20,934,132</u></u>	<u><u>\$20,425,617</u></u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,141,936	\$ 1,231,519
Accrued payroll and related liabilities	400,160	354,352
Refundable advances	116,416	212,009
Note payable	761,612	916,804
Line of credit	<u>404,072</u>	<u>-</u>
Total liabilities	<u>2,824,196</u>	<u>2,714,684</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	9,214,415	9,469,441
Designated	6,704,992	6,198,871
With donor restrictions	<u>2,190,529</u>	<u>2,042,621</u>
Total net assets	<u>18,109,936</u>	<u>17,710,933</u>
Total liabilities and net assets	<u><u>\$20,934,132</u></u>	<u><u>\$20,425,617</u></u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Clover Inc. and Affiliates**

New Orleans, Louisiana

For the year ended June 30, 2025
(with comparative totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>	<u>2024 Totals Only</u>
Revenues and Other Support				
Governmental support and grants	\$ 14,532,971	\$ -	\$ 14,532,971	\$ 13,388,774
Contributions	601,373	-	601,373	772,304
Foundation and corporate grants	1,160,439	260,000	1,420,439	876,003
Fundraising	2,097	-	2,097	25,654
Investment income, net	601,933	72,331	674,264	645,549
Program fees	251,802	-	251,802	191,672
United Way funding	52,050	-	52,050	42,805
Other income	93,367	-	93,367	303,720
Net assets released from restrictions:	<u>184,423</u>	<u>(184,423)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>17,480,455</u>	<u>147,908</u>	<u>17,628,363</u>	<u>16,246,481</u>
Expenses				
Program services:				
Head Start	4,726,494	-	4,726,494	4,163,703
Youth Program	-	-	-	217,231
Adult Day Health Care	990,410	-	990,410	1,021,755
2 Gen	224,108	-	224,108	405,363
Early Head Start	7,179,207	-	7,179,207	7,016,906
K-Prep	-	-	-	93,167
Community and Supportive Services	208,487	-	208,487	212,855
Participant Meal Program	<u>640,974</u>	<u>-</u>	<u>640,974</u>	<u>594,268</u>
Total program services	<u>13,969,680</u>	<u>-</u>	<u>13,969,680</u>	<u>13,725,248</u>
Supporting services:				
General and administrative	2,708,829	-	2,708,829	2,938,674
Fundraising	<u>550,851</u>	<u>-</u>	<u>550,851</u>	<u>487,711</u>
Total supporting services	<u>3,259,680</u>	<u>-</u>	<u>3,259,680</u>	<u>3,426,385</u>
Total expenses	<u>17,229,360</u>	<u>-</u>	<u>17,229,360</u>	<u>17,151,633</u>
Increase (decrease) in net assets	251,095	147,908	399,003	(905,152)
Net Assets				
Beginning of year	<u>15,668,312</u>	<u>2,042,621</u>	<u>17,710,933</u>	<u>18,616,085</u>
End of year	<u>\$ 15,919,407</u>	<u>\$ 2,190,529</u>	<u>\$ 18,109,936</u>	<u>\$ 17,710,933</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**Clover Inc. and Affiliates**

New Orleans, Louisiana

For the year ended June 30, 2025
(with comparative totals for 2024)

	2025										2024
	Head Start	Adult Day Health Care	2 Gen	Early Head Start	Residential Engagement	Participant Meal Program	Total Program Services	General and Administrative	Fundraising	Total Expenses	Totals Only
Salaries and wages	\$2,447,423	\$530,813	\$ 48,771	\$3,734,713	\$118,997	\$129,111	\$ 7,009,828	\$ 986,156	\$251,769	\$ 8,247,753	\$ 8,649,927
Employee benefits:											
Health insurance	281,609	61,945	2,859	438,240	6,856	19,362	810,871	126,150	9,502	946,523	551,309
Retirement	63,727	12,847	1,091	112,365	2,685	1,974	194,689	24,872	8,028	227,589	214,271
Other	8,346	1,795	144	13,288	426	426	24,425	2,544	414	27,383	29,121
Payroll taxes	226,704	48,146	2,351	323,512	11,268	14,152	626,133	85,077	17,724	728,934	851,464
Total personnel and related expenses	3,027,809	655,546	55,216	4,622,118	140,232	165,025	8,665,946	1,224,799	287,437	10,178,182	10,296,092
Advertising	9,231	63	14,236	12,022	19	-	35,571	20,134	38,091	93,796	67,348
Bad debt	-	2,550	-	-	-	-	2,550	37,029	-	39,579	20,381
Conference, conventions, and meetings	9,536	376	91,490	10,403	633	402	112,840	19,826	38,105	170,771	161,047
Dues and subscriptions	8,449	1,799	1,628	6,659	-	-	18,535	44,709	4,456	67,700	71,398
Field trips	840	-	-	2,043	-	-	2,883	-	-	2,883	30,934
Food service	26,151	3,207	425	21,400	10,393	428,404	489,980	7,276	678	497,934	525,060
Insurance	247,672	83,222	-	267,554	2,099	372	600,919	180,187	12,995	794,101	646,798
Interest expense	-	-	-	-	-	-	-	18,089	11	18,100	13,165
Janitorial and housekeeping	59,715	10,317	-	39,076	1,615	10,817	121,540	57,507	2,054	181,101	132,599
Office and printing	24,397	6,205	(69)	21,254	3,303	1,015	56,105	29,103	5,856	91,064	148,487
Miscellaneous expenses	-	-	-	-	-	-	-	302	-	302	136,312
Professional services	303,411	107,812	41,493	230,699	2,827	16,393	702,635	161,141	91,869	955,645	1,028,651
Programming	412,835	19,458	2,736	1,326,704	13,365	78	1,775,176	2,089	5,354	1,782,619	1,556,082
Rent	-	2,879	-	4,752	-	-	7,631	-	-	7,631	5,977
Repairs and maintenance	78,938	10,742	-	176,460	3,088	6,263	275,491	88,644	2,528	366,663	297,428
Software and IT	110,175	20,446	9,593	169,783	9,667	8,954	328,618	92,792	14,483	435,893	344,424
Specific assistance	18	751	-	1,493	10,734	-	12,996	-	-	12,996	43,180
Supplies	35,710	21	-	5,602	6	9	41,348	1,182	48	42,578	8,861
Taxes and fees	438	6,402	-	270	-	-	7,110	9,297	264	16,671	10,270
Training	25,747	499	5,500	25,078	-	-	56,824	2,898	-	59,722	87,669
Travel and transportation	79,693	14,397	1,860	42,514	1,663	256	140,383	23,635	6,662	170,680	195,592
Utilities	116,275	25,884	-	85,647	3,857	2,986	234,649	118,835	4,141	357,625	482,824
	4,577,040	972,576	224,108	7,071,531	203,501	640,974	13,689,730	2,139,474	515,032	16,344,236	16,310,579
Depreciation	149,454	17,834	-	107,676	4,986	-	279,950	569,355	72,954	922,259	854,322
Less special events direct benefit to donors	-	-	-	-	-	-	-	-	(37,135)	(37,135)	(13,268)
Total expenses	\$4,726,494	\$990,410	\$224,108	\$7,179,207	\$208,487	\$640,974	\$13,969,680	\$2,708,829	\$550,851	\$17,229,360	\$17,151,633

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**Clover Inc. and Affiliates**

New Orleans, Louisiana

For the year ended June 30, 2025
(with comparative totals for 2024)

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 399,003	\$ (905,152)
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Bad debt expense	39,579	20,381
Depreciation	922,259	854,322
Realized and unrealized gain on investments	(550,264)	(546,326)
(Increase) decrease in operating assets:		
Accounts receivable	(655,187)	461,860
Unconditional promises to give	78,462	425,681
Prepaid expenses	(23,619)	(10,831)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	54,631	(43,571)
Accrued payroll and related liabilities	45,808	(2,680)
Refundable advances	(95,593)	(18,000)
	<u>215,079</u>	<u>235,684</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(271,162)	(383,733)
Sales and maturities of investments	391,097	350,517
Purchase of investments	(425,207)	(2,939,019)
	<u>(305,272)</u>	<u>(2,972,235)</u>
Cash Flows From Financing Activities		
Payments on accounts payable used to finance acquisition of property and equipment	(144,214)	-
Borrowings under line of credit	760,178	250,000
Repayments of line of credit	(356,106)	(250,000)
Repayments of long-term debt	(155,192)	(153,164)
	<u>104,666</u>	<u>(153,164)</u>

**Exhibit D
(Continued)**

	<u>2025</u>	<u>2024</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,473	(2,889,715)
Cash		
Beginning of year	<u>1,788,633</u>	<u>4,678,348</u>
End of year	<u>\$ 1,803,106</u>	<u>\$ 1,788,633</u>
Supplemental Disclosures of Cash Flows Information		
Cash paid for interest	<u>\$ 18,100</u>	<u>\$ 13,165</u>
Supplemental Disclosures of Non-Cash Investing and Operating Activity		
Property and equipment acquired with accounts payable	<u>\$ -</u>	<u>\$ 144,214</u>
Non-cash financing of insurance premiums	<u>\$ 183,826</u>	<u>\$ 182,245</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Clover Inc. and Affiliates**

New Orleans, Louisiana

June 30, 2025 and 2024

Note 1 - CONSOLIDATION AND PROGRAMMING

Clover Inc. and Affiliates (the “Organization”) is a not-for-profit corporation and is a United Way agency serving Southeast Louisiana. The Organization obtains funds from Federal and state governmental grants and private donor contributions. The affiliates of the Organization include Clover Foundation, Inc., 1542 Constance Street, Inc. and Clover Investment Fund, LLC. The affiliates referred to herein are presented in these consolidated financial statements. Significant intercompany transactions and balances have been eliminated in consolidation.

Clover Foundation, Inc. (the “Foundation”) was a Louisiana not-for-profit entity which was organized on May 28, 2013 for the purpose of serving as the fundraising arm to Clover, Inc. The Foundation is considered a supporting organization under Internal Revenue Code 509(a)(3). The Foundation was governed by a board of directors with at least 60% of the board being comprised of the Organization board members. Effective June 23, 2025, the Foundation was dissolved and absorbed by Clover Inc.

1542 Constance Street, LLC was formed on August 6, 2013 for the purpose of building the Patrick F. Taylor campus (the “Project”) located at municipal address 901 Richard Street, directly across from the Organization’s main campus. The Organization serves as the sole member of the entity and is responsible for its management. The facility was opened in August 2016.

On January 23, 2015, 1542 Constance Street, LLC was changed to a corporation, 1542 Constance Street, Inc., for the purpose of securing New Markets Tax Credits related to construction of a new facility to serve the community.

a. Programming

Programs provided by the Organization are as follows:

Head Start - A state licensed Head Start center is provided for 204 children.

Early Head Start - A state licensed Early Head Start center for 390 children. The Organization is an Early Head Start/Child Care Partnership Start grantee. Through a competitive grant process, in December of 2014 the Organization was selected as one of four grantees in the state of Louisiana. The consolidated grant allows the Organization to operate the most diverse model in the State of Louisiana.

Note 1 - CONSOLIDATION AND PROGRAMMING (Continued)

a. Programming (Continued)

Adult Day Health Care - The Organization operates an adult day health care program licensed for 158 elderly or disabled adults and a senior center for persons over 60 years old.

Participant Meals Program - The Organization operates two full kitchens to prepare and serve breakfast, lunch, and snacks to participants in the Head Start, Early Head Start, Youth Program and Adult Day Health Care programs.

Residential Engagement - The Organization provides intensive case management services for former St. Bernard Housing Development residents as they resettle in a redeveloped mixed income community.

K-Prep - The Organization provides kindergarten preparedness in the form of a before/aftercare program offered to parents who need extended services beyond the Head Start day. Families who qualify for the state's child care assistance program have no out-of-pocket costs. Staff provide stimulating, enriching activities that assist in preparing children with readiness and foundation skills in preparation for kindergarten. This program was absorbed into Early Head Start during the year ended June 30, 2025.

Youth Program - The Organization operates a full day summer camp program. There were no activities in this program during the year ended June 30, 2025.

Whole Family - The Organization provides a whole family approach to mitigate poverty and provide employment opportunities, particularly through Clover Connections, as well as collaborations with partners throughout the community.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Organization are summarized as follows:

a. Basis of Accounting

The consolidated financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial Statement Presentation

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

Net Assets Without Donor Restrictions - Support, revenue, and expenses for general operations.

Net Assets With Donor Restrictions - Contributions and grants specifically authorized by the donor or grantor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Organization.

c. Estimates

The preparation of consolidated 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

d. Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less. As of June 30, 2025 and 2024, there were no cash equivalents.

e. Accounts Receivable

Accounts receivable are reported in the Consolidated Statement of Financial Position at net realizable value. The consolidated financial statements do not include an estimate for allowance for expected credit losses. Management believes that all receivables are fully collectible.

f. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give as of June 30, 2025 and 2024.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Promises to Give (Continued)

Unconditional promises are recorded net of an allowance for expected credit losses estimated by the management of the Organization. There is no allowance recorded as of June 30, 2025 and 2024 as management believes all promises to give are collectible. There were no unconditional promises to give as of June 30, 2025.

g. Investments

Investments are generally carried at fair market value. Investments acquired through donations are recorded at fair market value on the date of the donation. During each of the years ended June 30, 2025 and 2024, there were no investments donated to the Organization.

h. Property and Equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Building	5 to 25 years
Improvements	10 to 25 years
Transportation equipment	5 years
Furniture, fixtures, and equipment	5 to 25 years

i. Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. No impairments have been identified for the years ended June 30, 2025 and 2024.

j. Revenue Recognition

The FASB issued Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*” (Topic 606). This ASU implements a single framework for revenue recognition, ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled in exchange for goods and services.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Revenue Recognition (Continued)

The Organization recognizes revenue from contracts with customers when commercial substance exists, approvals have been obtained and commitment to perform exists, rights of both parties and payment terms are identifiable, and collection is probable.

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. Management assesses each good or service promised in a contract and identifies each promise as a performance obligation. The transaction price is the amount of consideration (fixed or variable) expected to be received in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. If the considerations promised in a contract include a variable amount, management will estimate the amounts to which it expects to be entitled using the most-likely-amount method. Estimated amounts are only included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue will not occur when the uncertainty associated with the variable consideration is received. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The contract asset "contract receivables" represents revenues that have been earned and billed from program services and exchange-type grants. These are included in accounts receivable on the Consolidated Statement of Financial Position. The contract liability "refundable advances" represents amounts received prior to the satisfaction of related performance obligations, and which are deferred to the applicable reporting period.

Contract assets and liabilities for the years ended June 30, 2025, June 30, 2024, and July 1, 2023 are as follows:

	<u>Contract Receivables</u>	<u>Contract Liabilities</u>
July 1, 2023	<u>\$25,215</u>	<u>\$230,009</u>
June 30, 2024	<u>\$8,475</u>	<u>\$212,009</u>
June 30, 2025	<u>\$6,845</u>	<u>\$116,416</u>

Program Service Fees and Exchange-Type Grants

Program service fees and exchange-type grants and contracts revenue are recognized when services are provided. Program fees and payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Grants

The Organization has contracts with government and third parties for the performance of various services, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under Financial Accounting Standards Board Accounting Standards Codification Topic 958, (ASC 958), *Not-for-Profit Entities*. Government and other grants are evaluated for contributions that are conditional. The Organization recognizes revenue as expenses are incurred, to a maximum of the grant award.

l. Contributions

The Organization reports gifts of cash and other assets as with donor restriction if they are received with donor stipulations that limit the use of the donated assets. 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

m. Functional Allocation of Expenses

As required under the FASB issued ASU No. 2016-14, “*Not-for-Profit Entities*” (Topic 958), the Organization has presented a consolidated statement of functional expense as part of its consolidated audited financial statements. The consolidated financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, certain supplies, technology, and utilities expenses require allocation based on the headcount of program participants served. Depreciation and insurance expenses are allocated based on the square footage of the Organization’s campus.

n. Advertising Costs

Advertising costs are expensed as incurred, and totaled \$93,796 and \$67,348 during the years ended June 30, 2025 and 2024, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Tax Matters

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation is exempt from income taxes under Section 509(a)(3) of the U.S. Internal Revenue Code. 1542 Constance Street, Inc. is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Clover Investment Fund, LLC is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code as a disregarded entity of the Organization.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2025, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended June 30, 2022 and later remain subject to examination by the taxing authorities.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through December 16, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Organization maintains its cash balances in various financial institutions where the accounts are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. Amounts held in financial institutions are occasionally in excess of the FDIC limits. As of June 30, 2025, cash deposits in excess of FDIC limits totaled approximately \$1,339,000.

Note 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2025 and 2024 are as follows:

	2025	2024
Unconditional promises to give:	\$ -	\$ 81,433
Less unamortized discount	-	(2,971)
Net unconditional promises to give	\$ -	\$ 78,462
Amounts due in:		
Less than one year	\$ -	\$ 44,433
One to five years	-	37,000
	\$ -	\$ 81,433

A discount rate of 8.50% was used to calculate the present value of estimated future cash flows of unconditional promises to give as of June 30, 2024. All remaining pledges were collected or written off during the fiscal year ended June 30, 2025.

Note 5 - INVESTMENTS

Investments as of June 30, 2025 and 2024 are comprised of the following:

	2025		
	Cost	Fair Market Value	Excess of Market Over Cost
Equity securities	\$ 1,251,682	\$ 2,007,214	\$ 755,532
Corporate bonds	1,662,932	1,705,386	42,454
Exchange traded funds	259,828	627,317	367,489
Mutual funds	79,742	79,742	-
Real Estate Investment Trust	37,807	40,324	2,517
Individual investment securities managed by financial institutions	3,291,991	4,459,983	1,167,992
Greater New Orleans Foundation Pooled Investment Fund	2,075,277	2,992,445	917,168
Totals	<u>\$ 5,367,268</u>	<u>\$ 7,452,428</u>	<u>\$ 2,085,160</u>
	2024		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Equity securities	\$ 1,200,941	\$ 1,983,557	\$ 782,616
Corporate bonds	1,255,145	1,241,041	(14,104)
Exchange traded funds	101,685	506,010	404,325
Mutual funds	430,990	430,990	-
Real Estate Investment Trust	37,807	36,974	(833)
Individual investment securities managed by financial institutions	3,026,568	4,198,572	1,172,004
Greater New Orleans Foundation Pooled Investment Fund	2,075,277	2,669,482	594,205
Totals	<u>\$ 5,101,845</u>	<u>\$ 6,868,054</u>	<u>\$ 1,766,209</u>

Note 5 - INVESTMENTS (Continued)

	2025		Excess of Market Over Cost
	Cost	Market	
Balances, June 30, 2025	\$ 5,367,268	\$ 7,452,428	\$ 2,085,160
Balances, June 30, 2024	\$ 5,101,845	\$ 6,868,054	1,766,209
Increase in unrealized appreciation			318,951
Net realized gain			231,313
Interest and dividend income			152,317
Investment expense			(28,317)
Total investment gain, net			\$ 674,264
	2024		
	Cost	Market	Excess of Market Over Cost
Balances, June 30, 2024	\$ 5,101,845	\$ 6,868,054	\$ 1,766,209
Balances, June 30, 2023	\$ 2,631,308	\$ 3,733,226	1,101,918
Increase in unrealized appreciation			664,291
Net realized loss			(117,965)
Interest and dividend income			128,758
Investment expense			(29,535)
Total investment gain, net			\$ 645,549

Note 6 - 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) and the lowest priority to unobservable inputs (Level 3). 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.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

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 asset 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 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 as of June 30, 2025 and 2024.

- *Equity Securities, Corporate Bonds:* Valued at the closing price reported on the active market on which the individual securities are traded. The investments held by the Organization are deemed to be actively traded and included in Level 1 of the fair value hierarchy.
- *Exchange Traded Funds and Mutual Funds:* Valued at the daily closing price as reported by the fund. Funds held by the Organization are open-ended funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded and included in Level 1 of the fair value hierarchy.
- *Investment Pools:* These investments are held in pooled assets managed by the Greater New Orleans Foundation (GNOF). The values of the Organization's investments in these pools are based on information provided by GNOF. These investments are reported at NAV which approximates fair value.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

- *Real Estate Investment Trust*: Valued at the closing price reported on the active market on which the individual securities are traded. The funds held by the Organization are deemed to be actively traded. These are included in Level 1 of the fair value hierarchy.

Investments measured at fair value using NAV as a practical expedient have not been categorized in the fair value hierarchy, and have no fixed redemption frequency or notice periods, and no unfunded commitments as of June 30, 2025 and 2024.

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

Assets measured at fair value on a recurring basis as of June 30, 2025 and 2024, are comprised of and determined as follows:

Description	2025			
	Based on			
	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 2,007,214	\$ 2,007,214	\$ -	\$ -
Corporate bonds	1,705,386	1,705,386	-	-
Exchange traded funds	627,317	627,317	-	-
Mutual funds	79,742	79,742	-	-
Real Estate Investment Trusts	40,324	40,324	-	-
Total assets at fair value	\$ 4,459,983	\$ 4,459,983	\$ -	\$ -
Investments recorded at NAV as practical expedient (a)	\$ 2,992,445			
	\$ 7,452,428			

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

Description	2024			
	Based on			
	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 1,983,557	\$ 1,983,557	\$ -	\$ -
Corporate bonds	1,241,041	1,241,041	-	-
Exchange traded funds	506,010	506,010	-	-
Mutual funds	430,990	430,990	-	-
Real Estate Investment Trusts	36,974	36,974	-	-
Total assets at fair value	<u>\$ 4,198,572</u>	<u>\$ 4,198,572</u>	<u>\$ -</u>	<u>\$ -</u>
Investments recorded at NAV as practical expedient ^(a)	<u>\$ 2,669,482</u>			
	<u>\$ 6,868,054</u>			

^(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share have not been classified in the fair value hierarchy.

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarized investments measured at fair value based on NAV per share as of June 30, 2025 and 2024.

Description	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2025	2024			
Pooled investment funds	<u>\$ 2,992,445</u>	<u>\$ 2,669,482</u>	N/A	Daily	N/A

As of June 30, 2025 and 2024, there were no assets measured at fair value on a non-recurring basis.

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2025 of the following:

	2025	2024
Land	\$ 1,095,967	\$ 1,095,967
Building	20,494,642	20,494,642
Improvements	917,185	662,123
Furniture, fixtures, and equipment	2,068,470	2,052,370
Transportation equipment	407,238	407,238
	24,983,502	24,712,340
Less: accumulated depreciation	(15,236,992)	(14,314,733)
Totals	\$ 9,746,510	\$ 10,397,607

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$922,256 and \$854,322, respectively.

Note 8 - COMPENSATED ABSENCES AND ACCRUED EMPLOYEE BENEFITS

Certain full time employees are entitled to paid time off depending on length of service and other factors. Accrued paid time off included in accrued payroll and related liabilities on the Consolidated Statement of Financial Position was \$389,282 and \$341,289 as of June 30, 2025 and 2024, respectively.

Note 9 - LINE OF CREDIT

The Organization signed a \$1,000,000 line of credit agreement with a bank dated June 17, 2024 which matures on June 17, 2027. The line of credit bears interest at the bank's prime rate adjusting daily, with a floor of 8.50%. As of June 30, 2025 and 2024, interest on the line was 8.50%. As of June 30, 2025, outstanding borrowings on the line totaled \$404,072. There was no amounts outstanding under the line of credit as of June 30, 2024. The line is secured with investments.

Note 10 - NOTES PAYABLE

As of June 30, 2025 and 2024 notes payable consist of the following:

	2025	2024
<p>Note payable with the State of Louisiana, Division of Administration, Office of Community Development (OCD) in the amount of \$2,000,000, bearing interest at 1.00%, and maturing March 10, 2030. Principal and interest payments are due monthly in the amount of \$13,585 with all remaining principal and interest due March 10, 2030. The note is secured with a mortgage and security agreement on property owned by 1542 Constance Street, Inc.</p>	\$ 761,612	\$ 916,804

Scheduled maturities of notes payable as of June 30, 2025 are as follows:

Year Ending June 30,	
2026	\$ 156,050
2027	157,618
2028	159,201
2029	160,801
2030	127,942
Total	\$ 761,612

Note 11 - RELATED PARTY TRANSACTIONS

The Organization paid entities owned by board members \$9,892 and \$1,670 for services provided during the years ended June 30, 2025 and 2024, respectively.

Note 12 - BOARD DESIGNATIONS

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements, acquisitions, and program services and to designate appropriate unrestricted net assets to ensure adequate financing. As of June 30, 2025 and 2024, the Organization had board-designated funds totaling \$6,704,992 and \$6,198,871, respectively.

Note 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2025 and 2024 are as follows:

	2025	2024
Subject to expenditure for specific purpose:		
W.K. Kellogg Foundation Grant	\$ 642,333	\$ 507,742
Tom & Gayle Benson Foundation	403,070	403,070
Humana	103,448	103,448
JPMC Career Pathways	87,694	97,444
Baptist Community Ministries	79,503	32,500
Philant	21,250	21,250
GNOF Specific Assistance	17,584	26,530
GNOF Financial Literacy	16,641	25,501
Prat Stanton	15,001	15,001
Perpetually restricted endowment contributions	804,005	731,673
Subject to passage of time:		
125 th Birthday Campaign Pledges	-	78,462
Total net assets with donor restrictions	\$ 2,190,529	\$ 2,042,621

Net assets released from restrictions for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Purpose restrictions satisfied:		
W.K. Kellogg Foundation Grant	\$ 75,408	\$ 82,118
JPMC Career Pathways	9,750	52,556
GNOF Specific Assistance	8,946	6,170
GNOF Financial Literacy	8,860	-
Baptist Community Ministries	2,997	-
Tom & Gayle Benson Foundation	-	178,387
Humana	-	71,286
Prat Stanton	-	4,999
Time restrictions satisfied:		
125 th Birthday Campaign Pledges	78,462	225,681
Total net assets with donor restrictions	\$ 184,423	\$ 621,197

Note 14 - ENDOWMENT

The Endowments. The endowment consists of two individual funds, established for the purpose of fulfilling the Organization's mission and accomplishing its goals. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as expressly requiring the preservation of the historical dollar value for donor restricted endowment funds absent explicit donor stipulations to the contrary.

The following are classified as net assets with donor restrictions in the accompanying financial statements:

- The original value of gifts donated to the endowment;
- The original value of subsequent gifts to the endowment; and
- Accumulations to the endowment that are required to be held in perpetuity.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the language of SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Note 14 - ENDOWMENT (Continued)

Net endowment assets as of June 30, 2025 and 2024 consist of the following:

	June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 804,005	\$ 804,005
	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 731,673	\$ 731,673

Changes in Endowment funds net assets for the years ended June 30, 2025 and 2024 are as follows:

	June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of the year	\$ -	\$ 731,673	\$ 731,673
Investment income	-	83,914	83,914
Distributions	-	(11,582)	(11,582)
Donor-restricted endowment funds	\$ -	\$ 804,005	\$ 804,005

Note 14 - ENDOWMENT (Continued)

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of the year	\$ -	\$ 653,577	\$ 653,577
Investment income	-	86,533	86,533
Distributions	-	(8,437)	(8,437)
	\$ -	\$ 731,673	\$ 731,673
Donor-restricted endowment funds	\$ -	\$ 731,673	\$ 731,673

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of contributions held in perpetuity. There were no such deficiencies as of June 30, 2025 and 2024.

Return Objectives, Risk Parameters and Strategies. The primary financial objective of the Endowments is to increase the real (inflation-adjusted) purchasing power of endowment net assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, fixed income securities and alternative investments that is intended to meet this objective. The Endowment has established a 5% real rate of return objective for the portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Spending Policy. The Endowment follows a Total Return Spending Policy. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for distributions. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2025 and 2024 distributions were approximately 4%. This percentage is evaluated each year and adjusted, as necessary.

Note 15 - SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by the Organization consist of exchange transaction revenue and contribution revenue. Those amounts for the years ended June 30, 2025 and 2024 are summarized as follows:

	2025	2024
Special event ticket sales	\$ 15,975	\$ 17,898
Contributions	57,710	20,225
Special events - gross	73,685	38,123
Less: cost of direct donor benefit	(37,135)	(13,268)
Special events - net	\$ 36,550	\$ 24,855

The special events net revenue is included in contributions and fundraising on the Consolidated Statement of Activities.

Note 16 - EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) retirement plan for the benefit of all eligible employees, whereby the employees may elect to defer compensation pursuant to a salary reduction agreement. The Organization contributes a match as described in the plan documents. Contributions are based on a percentage that is set by management each year. For both of the years ended June 30, 2025 and 2024, that rate was 3.5% of plan participants' salaries. Total retirement plan expense was \$227,589 and \$214,271 for the years ended June 30, 2025 and 2024, respectively.

Note 17 - AVAILABILITY OF FINANCIAL ASSETS

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 receives grants and contributions with donor restrictions. In addition, the Organization generates revenue and receives support without donor restrictions. To help manage unanticipated liquidity needs, the Organization has available a line of credit in the amount of \$1,000,000.

Note 17 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of grantor or donor-imposed restrictions.

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,803,106	\$ 1,788,633
Accounts receivable	1,239,173	623,565
Unconditional promises to give, net	-	78,462
Investments	7,452,428	6,868,054
Total financial assets	10,494,707	9,358,714
Less amounts unavailable for general expenditures within one year, due to:		
Grantor and donor imposed restrictions:		
Restricted by grantors and donors with purpose restriction	(2,190,529)	(1,964,159)
Restricted by donors with time restriction	-	(34,029)
Financial assets available to meet cash needs for general expenditures before governing board designations	8,304,178	7,360,526
Less governing board designations	(6,704,992)	(6,198,871)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,599,186	\$ 1,161,655

Note 18 - COMMITMENTS AND CONTINGENCIES

Clover Foundation, Inc. is a guarantor in a credit agreement between Clover and a lender. The note payable balance as of June 30, 2025 and 2024 was \$761,612 and \$916,804, respectively.

The Organization received a portion of its revenue from government grants, which are subject to audit by the respective funding source. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by such governmental units. Until such audits have been completed and final settlement is reached, there exists a contingency to refund any amount received in excess of allowance costs. Management is of the opinion that no material liability will result from any such audits.

Note 19 - ECONOMIC DEPENDENCE

For both the years ended June 30, 2025 and 2024, approximately 82% of the Organization's revenues came from governmental support and grants, respectively.

Note 20 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, credit, and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Organization.

Note 21 - SUBSEQUENT EVENT

Management of the Organization has approved a plan to take over the operations of Educare New Orleans as a new program in the next fiscal year. As part of that plan, the Organization has entered into a lease agreement for facilities used by Educare New Orleans with Bayou District Foundation. The plan to take over operations and the lease and its terms have not yet been finalized.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Clover Inc. and Affiliates
New Orleans, Louisiana

For the year ended June 30, 2025

Agency Head Name: Keith Liederman, Chief Executive Officer

Purpose

Salary	\$	-
Benefits - insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
Other		-
		<hr/>
	\$	- *
		<hr/> <hr/>

* None of the Chief Executive Officer's salary, benefits, and other compensation is paid through public funding.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
Clover Inc. and Affiliates,
Louisiana, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the consolidated financial statements of Clover Inc. and Affiliates (a non-profit organization) (the “Organization”) which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the Organization’s consolidated financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization’s consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2025.

INDEPENDENT AUDITOR’S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors,
Clover Inc. and Affiliates,
New Orleans, Louisiana.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Clover, Inc. and Affiliates (the “Organization”) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2025. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana.
December 16, 2025.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Clover Inc. and Affiliates

New Orleans, Louisiana

For the year ended June 30, 2025

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Head Start/Early Head Start	93.600	06CH011848-04	\$ 4,846,336
Head Start/Early Head Start	93.600	06CH011848-05	<u>8,306,061</u>
Total			<u>13,152,397</u>
U.S. Department of Agriculture			
Pass-through Programs From:			
Louisiana Department of Education:			
Child and Adult Care Food			
Program:			
Preschool / Early Head Start / School Age / Adult	10.558	CC93-432	<u>511,463</u>
Total expenditures of federal awards			<u><u>\$13,663,860</u></u>

See accompanying note to Schedule of Expenditures of Federal Awards.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Clover Inc. and Affiliates New Orleans, Louisiana

For the year ended June 30, 2025

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Clover Inc. and Affiliates (the “Organization”). The Organization’s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2025. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the Organization’s financial statements for the year ended June 30, 2025.

c. Indirect Cost Rate

The Organization has elected not to use the *de minimus* indirect cost rate as allowed under Uniform Guidance which was 10% until October 1, 2024 when it was increased to 15%.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Clover Inc. and Affiliates
New Orleans, Louisiana

For the year ended June 30, 2025

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the consolidated financial statements: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes X None reported

Noncompliance material to the consolidated financial statements noted? ___ Yes X No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ___ Yes X No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Section I - Summary of Auditor’s Results (Continued)

c) Identification of Major Programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
93.600	U.S. Department of Health and Human Services Head Start/Early Head Start

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? X Yes No

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Consolidated Financial Statements**

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2025.

Compliance and Other Matters

No compliance findings material to the consolidated financial statements were reported during the audit for the year ended June 30, 2025.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended June 30, 2025 related to internal control and compliance material to federal awards.

REPORT BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Clover Inc. and Affiliates New Orleans, Louisiana

For the year ended June 30, 2025

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Consolidated Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2024 related to internal control over financial reporting material to the consolidated financial statements.

Compliance and Other Matters

There were no findings material to the consolidated financial statements noted during the audit for the year ended June 30, 2024 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2024.

Compliance and Other Matters

No compliance findings material to the consolidated financial statements were reported during the audit for the year ended June 30, 2024.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2024.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Clover Inc. and Affiliates
New Orleans, Louisiana

For the year ended June 30, 2025

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Consolidated Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2025 related to internal control over financial reporting material to the consolidated financial statements.

Compliance and Other Matters

There were no findings material to the consolidated financial statements noted during the audit for the year ended June 30, 2025 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings of costs reporting during the audit of the consolidated financial statements for the year ended June 30, 2025, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2025.