

**LIGHTSHARE BEHAVIORAL
WELLNESS & RECOVERY,
INC.**

**Financial Statements and
Supplemental
Information**

Year Ended June 30, 2025

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5 - 6
Statement of Functional Expenses	7 - 9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 22
Other Reports	
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 Accordance with <i>Government Auditing Standards</i>	23 - 24
Compliance Section	
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Florida Chapter 10.650, <i>Rules of The Auditor General</i>	25 - 26
Schedule of Expenditures of Federal Awards and State Financial Assistance	27
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	28
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance	29 - 30
Supplementary Information	
Schedule of State Earnings	31
Schedule of Related Party Transaction Adjustments	32
Schedule of Bed-Day Availability Payments	33
Substance Abuse and Mental Health Services Program/Cost Center Actual Expenses and Revenues Schedule – Part I	34 - 36
Substance Abuse and Mental Health Services Program/Cost Center Actual Expenses and Revenues Schedule – Part II	37 - 39



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

St. Petersburg, FL 33710
5401 Central Avenue
Phone: 727-327-1999

N. Palm Beach, FL 33408
1201 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lightshare Behavioral Wellness & Recovery, Inc.
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lightshare Behavioral Wellness & Recovery, Inc. (the "Corporation") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance 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 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 Financial Statements section of our report. We are required to be independent of the Corporation 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 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 the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 Corporation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2025. 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 financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of Florida Chapter 10.650, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the 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 March 23, 2026, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 23, 2026

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,607,779	\$ 3,122,683
Investments	7,890,248	7,476,972
Accounts receivable - grants and contracts	3,651,800	4,830,171
Accounts receivable (net) - client and third-party payees	737,172	1,127,245
Inventory	-	38,310
Prepaid expenses	69,986	697,018
Total current assets:	17,956,985	17,292,399
Non-current assets:		
Property and equipment:		
Land	466,236	466,236
Construction in process	1,211,231	864,445
Buildings	8,507,578	8,371,843
Furniture and equipment	1,265,152	1,228,762
Vehicles	299,446	299,446
	11,749,643	11,230,732
(Accumulated depreciation)	(5,544,559)	(5,359,696)
Total property and equipment, net	6,205,084	5,871,036
Operating lease right-of-use asset	419,576	427,134
Total assets	\$ 24,581,645	\$ 23,590,569
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 259,636	\$ 181,204
Accrued liabilities	343,037	342,207
Client deposits	449,103	379,255
Refundable advance - contracts and grants	565,406	783,622
Current portion of operating lease liability	108,246	82,158
Current portion of notes payable	1,287	2,425
Total current liabilities	1,726,715	1,770,871
Long-term liabilities		
Operating lease liability (less current portion)	327,981	349,386
Notes payable (less current portion)	-	1,137
Total long-term liabilities	327,981	350,523
Total liabilities	2,054,696	2,121,394
Net assets		
Without donor restrictions:		
Net investment in property and equipment	5,673,596	5,352,756
Undesignated	16,311,303	15,587,577
Total net assets without donor restrictions	21,984,899	20,940,333
With donor restrictions:		
Buildings	531,488	518,280
Contributions	10,562	10,562
Total net assets with donor restrictions	542,050	528,842
Total net assets	22,526,949	21,469,175
Total liabilities and net assets	\$ 24,581,645	\$ 23,590,569

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating revenues and support		
Contracts and grants (federal and state)	\$ 16,292,313	\$ 16,988,901
County and local contracts	6,052,791	6,850,742
Capital grants and contributions	215,325	1,353,645
Client fees, insurance, medicare, and medicaid	1,534,096	2,093,613
Rental income	86,534	91,612
Subtotal	24,181,059	27,378,513
Net assets released from restrictions	33,584	33,019
Total revenues and support	24,214,643	27,411,532
Functional expenses		
Program Expenses		
Pathways Level 1	1,247,679	1,064,130
Seasons Level 2	816,457	764,975
Choices and Crossroads	1,696,796	1,855,359
VIPER	37,032	96,927
Mothers and Infants level 2	634,056	680,891
ARF/Detoxification	3,197,547	3,764,527
CORT	2,237,252	2,227,618
Crisis Stabilization Unit	5,113,256	5,105,446
BHRT	153,346	147,846
Access Center	203,475	370,211
Outpatient Services	5,479,180	5,718,290
Royal Palm	122,013	117,331
Supporting Services:		
Fundraising	214,279	160,388
Administration	2,659,961	1,978,236
Total functional expenses	23,812,329	24,052,175
Increase in net assets before other revenues (expenses)	402,314	3,359,357

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Other revenues (expenses)		
Gross special events revenue	\$ 25,705	\$ 35,018
Less cost of direct benefits to donors	(23,170)	(24,157)
Net special events revenue	2,535	10,861
Contributions	100,246	158,211
Contributions of non-financial assets	73,837	73,837
Net investment gain (loss)	413,280	226,379
Gain/(loss) on disposal of equipment	(849)	-
Miscellaneous income (expense)	53,203	(3,968)
Total other revenues (expenses)	642,252	465,320
Increase in net assets without donor restrictions	1,044,566	3,824,677
Net assets without donor restrictions, beginning of year	20,940,333	17,115,656
Net assets without donor restrictions, end of year	\$ 21,984,899	\$ 20,940,333
Changes in net assets with donor restrictions		
Buildings released from restriction	\$ (33,584)	\$ (33,019)
Improvements on restricted buildings	46,792	-
Increase (decrease) in net assets with donor restrictions	13,208	(33,019)
Net assets with donor restrictions, beginning of year	528,842	561,861
Net assets with donor restrictions, end of year	\$ 542,050	\$ 528,842

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025						
	Program Services						
	Pathways Level 1	Seasons Level 2	Choices & Crossroads	VIPER	Mothers & Infants Lvl 2	ARF/ Detoxification	CORT
Salaries	\$ 681,987	\$ 379,457	\$ 700,186	\$ 15,751	\$ 307,614	\$ 2,296,178	\$ 1,224,136
Fringe benefits/taxes	117,742	57,864	119,226	13,246	48,886	320,094	203,852
Professional fees, services, recruiting	106,264	89,607	219,071	1,387	78,504	201,243	222,047
Medical supplies/equipment/laboratory	35,174	29,343	27,923	697	5,468	29,084	39,175
Food supplies	134,641	113,416	276,905	-	47,392	55,303	123,927
Operating supplies	21,895	20,547	42,654	3,197	9,667	38,483	33,214
Occupancy expenses	104,189	87,984	217,393	2,061	96,772	151,172	277,323
Depreciation expenses	12,322	10,421	25,603	69	20,160	28,214	54,294
Travel, conferences, education	582	-	1,676	3	3,518	1,664	7,153
Communications, public relations, marketing	-	-	-	-	-	-	-
Subscriptions/dues/software fees	18,965	15,606	38,339	621	11,532	54,650	38,889
Special events	-	-	-	-	-	-	-
Other expenses	13,918	12,212	27,820	-	4,543	21,462	13,242
Subtotals	<u>1,247,679</u>	<u>816,457</u>	<u>1,696,796</u>	<u>37,032</u>	<u>634,056</u>	<u>3,197,547</u>	<u>2,237,252</u>
Less expenses included with Special Event revenue in the Statement of Activities	-	-	-	-	-	-	-
Subtotals	<u>1,247,679</u>	<u>816,457</u>	<u>1,696,796</u>	<u>37,032</u>	<u>634,056</u>	<u>3,197,547</u>	<u>2,237,252</u>
Indirect administration allocation	<u>156,495</u>	<u>85,628</u>	<u>159,868</u>	<u>5,744</u>	<u>69,728</u>	<u>509,603</u>	<u>278,680</u>
Total program expenses	<u><u>\$ 1,404,174</u></u>	<u><u>\$ 902,085</u></u>	<u><u>\$ 1,856,664</u></u>	<u><u>\$ 42,776</u></u>	<u><u>\$ 703,784</u></u>	<u><u>\$ 3,707,150</u></u>	<u><u>\$ 2,515,932</u></u>

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025				
	Program Services				
	Crisis Stabilization Unit	BHRT	Access Center	Outpatient Services	Royal Palm
Salaries	\$ 3,012,808	\$ 118,481	\$ 149,333	\$ 2,927,537	\$ 11,163
Fringe benefits/taxes	408,068	11,249	20,107	479,479	-
Professional fees, services, recruiting	541,341	5,699	7,595	228,677	-
Medical supplies/equipment/laboratory	65,273	79	105	1,139,299	-
Food supplies	146,715	4	126	1,597	-
Operating supplies	82,057	3,011	2,489	78,867	990
Occupancy expenses	493,906	11,761	17,582	365,424	84,260
Depreciation expenses	148,788	283	376	9,614	25,338
Travel, conferences, education	2,409	-	14	4,292	-
Communications, public relations, marketing	-	-	-	-	-
Subscriptions/dues/software fees	146,581	2,779	3,693	111,109	-
Special events	-	-	-	-	-
Other expenses	65,310	-	2,055	133,285	262
Subtotals	<u>5,113,256</u>	<u>153,346</u>	<u>203,475</u>	<u>5,479,180</u>	<u>122,013</u>
Less expenses included with Special Event revenue in the Statement of Activities	-	-	-	-	-
Subtotals	<u>5,113,256</u>	<u>153,346</u>	<u>203,475</u>	<u>5,479,180</u>	<u>122,013</u>
Indirect administration allocation	<u>668,345</u>	<u>25,260</u>	<u>33,067</u>	<u>665,570</u>	<u>1,973</u>
Total program expenses	<u>\$ 5,781,601</u>	<u>\$ 178,606</u>	<u>\$ 236,542</u>	<u>\$ 6,144,750</u>	<u>\$ 123,986</u>

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025			2025 Totals	2024 Totals
	Program Services	Supporting Services			
	Total	Fundraising	General & Administration		
Salaries	\$ 11,824,631	\$ -	\$ 886,587	\$ 12,711,218	\$ 13,621,730
Fringe benefits/taxes	1,799,813	1,000	100,856	1,901,669	2,304,415
Professional fees, services, recruiting	1,701,435	169,533	305,449	2,176,417	1,815,414
Medical supplies/equipment/laboratory	1,371,620	-	-	1,371,620	1,075,690
Food supplies	900,026	35	18,554	918,615	1,084,636
Operating supplies	337,071	3,059	21,327	361,457	467,697
Occupancy expenses	1,909,827	-	220,211	2,130,038	2,113,386
Depreciation expenses	335,482	-	45,792	381,274	365,929
Travel, conferences, education	21,311	-	25,448	46,759	37,970
Communications, public relations, marketing	-	30,183	-	30,183	26,796
Subscriptions/dues/software fees	442,764	10,396	39,165	492,325	406,903
Special events	-	23,170	-	23,170	24,157
Other expenses	294,109	73	996,572	1,290,754	731,609
Subtotals	20,938,089	237,449	2,659,961	23,835,499	24,076,332
Less expenses included with Special Event revenue in the Statement of Activities	-	(23,170)	-	(23,170)	(24,157)
Subtotals	20,938,089	214,279	2,659,961	23,812,329	24,052,175
Indirect administration allocation	2,659,961	-	(2,659,961)	-	-
Total program expenses	\$ 23,598,050	\$ 214,279	\$ -	\$ 23,812,329	\$ 24,052,175

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

LIGHTSHARE BEHAVIORAL WELLNESS & RECOVERY, INC.

STATEMENT OF CASH FLOW

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,057,774	\$ 3,791,658
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain)/loss on disposal of fixed assets	849	-
Depreciation	381,274	365,929
Bad debt expense	1,012,224	376,870
Unrealized (gain)/loss on investments	(413,276)	(226,368)
Non-cash rent	12,242	2,490
Decrease (increase) in operating assets:		
Accounts receivable	556,220	(2,187,253)
Prepaid expenses	627,032	(24,010)
Inventory	38,310	-
Increase (decrease) in operating liabilities:		
Accounts payable	78,432	(301,249)
Accrued liabilities	70,678	129,671
Refundable advance - contracts and grants	(218,216)	(1,103,605)
Net cash provided by operating activities	3,203,543	824,133
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities	-	(2,500,000)
Proceeds from disposal of equipment	106,920	245,692
Purchases of property and equipment	(823,092)	(1,128,068)
Net cash used in investing activities	(716,172)	(3,382,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(2,275)	(2,206)
Net cash used in financing activities	(2,275)	(2,206)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,485,096	(2,560,449)
Cash and cash equivalents, beginning of year	3,122,683	5,683,132
Cash and cash equivalents, end of year	\$ 5,607,779	\$ 3,122,683
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 48	\$ 172
SIGNIFICANT NON-CASH TRANSACTIONS		
OPERATING LEASE		
Operating lease right-of-use asset	\$ (110,017)	\$ (518,022)
Operating lease liability	\$ 110,017	\$ 518,022

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

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

First Step of Sarasota, Inc. (the Corporation) is a not-for-profit corporation whose mission is to prevent and treat alcohol and drug addictions and associated disorders for individuals in Sarasota and neighboring counties. Effective October 23, 2019, pursuant to action by the Board of Directors, Coastal Behavioral Healthcare, Inc. (Coastal), a not-for-profit corporation with substantially the same mission, became a subsidiary of the Corporation. The acquisition of the subsidiary expanded the mission and services to include comprehensive mental health care. As of July 1, 2020, the majority of Coastal's contracts and programs were transferred to the Corporation, and Coastal remained operational through October 2020. As of June 30, 2021, all assets, liabilities, and net assets of Coastal were completely transferred to the Corporation. The Corporation's major sources of revenue are federal, state, and local grants, contributions, and client fees, including patient care and third-party payees (private insurance, Medicaid, and Medicare). The Corporation changed its legal name to Lightshare Behavioral Wellness & Recovery, Inc. effective July 14, 2023.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation – Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets With Donor Restrictions: The net assets subject to donor-imposed restrictions include donor-restricted contributions related to time, specific events, programs, income from endowment contributions which can only be expended as stipulated by the donor, including contributions and grants that are unexpended related to land, building, and equipment, and endowment funds from contributed assets which have donor-imposed restrictions.

Net Assets Without Donor Restrictions: The net assets not subject to donor-imposed restrictions, including transactions received for general operation purposes as determined by the Board of Directors and carried out by management. From time to time, the Board of Directors may designate a portion of the net assets without donor restrictions for specific purposes which makes them unavailable for use at management's discretion. Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-imposed restrictions.

Comparative amounts for 2024

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2024, from which the information was derived.

Functional Allocation of Expenses

The Corporation's directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function in residential and special services programs are allocated based on the number of bed days provided for each of the functions. Expenses related to more than one function in outpatient services and supporting services, separately, are allocated based on the program's proportionate share of expenses prior to the allocation. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation and are allocated to the programs based on personnel expense.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

The allocation of indirect administrative costs was included in the statement of functional expenses for the purpose of the granting agencies, and not included in the statement of activities as an allocated indirect cost.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

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

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in the 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, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If that asset or liability has a specified (contractual) term, the Level 2 inputs 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.

When available, the Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. There were no changes in methods or assumptions from prior year.

Accounts Receivable

Accounts receivable primarily consists of grants and contracts, as well as client and third-party payees. These receivables are expected to be collected within 30 days and are considered delinquent if they are not. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off. Accounts receivable at June 30, 2025 is reported net of the allowance for doubtful accounts of \$1,214,560.

Inventory

Inventory is stated at the lower of cost or net realizable value and consists of pharmaceuticals and supplies for in-patient care. Cost is determined on a first-in, first-out basis.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Expenditures for property and equipment in excess of \$1,500 with an estimated useful life of greater than one year, are capitalized. Purchased property and equipment are recorded at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets. Depreciation expense was \$381,274 in 2025.

As further described in Note 9, the Corporation has certain facilities and properties used in the course of providing services to the community. Should the Corporation cease to occupy or utilize these facilities and/or properties, these facilities and properties would be subject to certain obligations pursuant to grant or contractual agreements. The remaining balances of buildings with donor restrictions are more fully described in Note 5.

The Corporation has a lease agreement with the City of Sarasota for property located on 10th Street in Sarasota. The lease term is \$1 per year for 50 years, expiring in 2041. Per the lease agreement, every building, structure, or other improvement on the property becomes property of the City of Sarasota upon expiration of the lease term.

In accordance with ASC 842-10-55-13, when a lease property is owned by a governmental unit, it may not be practicable to determine the fair value of the underlying asset. The unique nature of the Corporation's leased property makes it impossible to determine the fair value of the donated use of the property. Accordingly, no amounts have been recorded in the accompanying financial statements for the excess of fair value of the donated use of the property over annual lease payments. There is no substantial difference in the recognition of the donated use of the property under ASC 842 and ASC 958.

Contributions and Recognition of Donor Restrictions

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor restrictions depending on the nature of the restriction.

Promises to Give

Contributions are recognized as support when the donor makes a promise to give that is, in substance, unconditional. Promises to give are recorded at net realizable value if expected to be collected in one year and at a discounted realizable value if expected to be collected in more than one year. Conditional promises to give are recognized as support when the conditions on which they depend are substantially met. There were no promises to give at June 30, 2025.

Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under *Accounting Standards Codification* (ASC) Section 740-10, *Income Tax Uncertainties*, it is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Corporation is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2022.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Contributed Non-Financial Assets

Donated services and facilities that are measurable are recorded as a contribution at their fair market values at the date of receipt by the Corporation. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Contributed non-financial assets recognized within the statement of activities totaled \$73,837 at June 30, 2025.

Revenue Recognition

Client/Patient Care Services

The Corporation follows Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as ASC 606), which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle, involving a five-step process of the revenue model, is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contracts and Grants

In accordance with FASB ASC 958-605, *Not-for-Profits*, the majority of the Corporation's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation has incurred expenditures in compliance with specific contracts or grant provisions. Such grant programs are subject to independent audit under the Office of Management and Budget's (OMB) Uniform Guidance (2 CFR 200), as well as review by other state and local grantor agencies. Such review could result in disallowance of expenditures under the terms of the grant or reductions in future grant funds. Based on prior experience, the Corporation's management believes costs ultimately disallowed, if any, would not materially affect the financial statements.

Refundable Advance – Contracts and Grants

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Corporation received \$565,406 of grant funds that have not been recognized at June 30, 2025, because qualifying expenditures have not been incurred. This amount has been recognized in the statement of financial position as a refundable advance.

Other Revenues

Other revenues include rental income from clients staying at the Royal Palm apartments, contributions related to special events, and miscellaneous income related to various reimbursements.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements Implemented

Effective July 1, 2023, the Corporation adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Corporation adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Corporation’s financial statements.

Subsequent Events

The Corporation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 23, 2026, the date of the independent auditor’s report.

NOTE 2 – CASH

The Corporation maintains cash in bank deposit accounts, which at times, exceeds federally insured limits. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank deposit accounts.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Amounts available include current assets available for expenditure in the following year. Amounts not available include items such as restricted net assets and revenue received in advance and not available for general expenses.

	2025
Financial assets, at year-end*	<u>\$ 17,886,999</u>
Less: those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(10,562)
Total	<u><u>\$ 17,876,437</u></u>

*Total assets, less non-financial assets (i.e., property and equipment, inventory, prepaid expenses, and operating lease right-of-use asset)

NOTE 4 – LONG-TERM DEBT

Sarasota County

The Corporation financed with Sarasota County a water connection at the US 301 location, which was secured by a lien on the property. It was payable in monthly installments of \$196 including interest at 3%. Future minimum payments for years ending June 30, are as follows: 2026 - \$1,287.

Line of Credit

The Corporation has a \$500,000 open end revolving line of credit with a financial institution. Interest is due monthly at the prime rate, which was 7.50% as of June 30, 2025. There was no outstanding balance at June 30, 2025.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 – LONG-TERM DEBT (continued)

Contingent Liabilities

The Corporation is contingently obligated under a “2007 County Note”, “2009 City Note”, “2010 Contract”, and “2015 County Note” as more fully described in Note 9. These obligations are not recorded as long-term debt because they are expected to be extinguished without requiring payment.

NOTE 5 – NET ASSETS

With Donor Restrictions

Contributions with donor restrictions are for the following programs:

<u>Account</u>	<u>2025</u>
Sandy Seidman Fund	\$ 10,562
Total contributions with donor restrictions	\$ 10,562

The Sandy Seidman Fund provides financial vouchers to graduates of the Mothers and Infants Program for such items as deposits on housing, utilities, and phone service.

In accordance with FASB ASU 958, buildings obtained or constructed with donor restricted net assets are being amortized over the length of time restricted by the donor. The donor imposed restrictions are described further in Note 9 of the financial statements. The remaining balances of buildings with donor restrictions at June 30, 2025, are identified below:

<u>Account</u>	<u>2025</u>
2007 Royal Palm	\$ 254,492
2009 Royal Palm	186,996
North Washington Blvd	90,000
Total buildings with donor restrictions	\$ 531,488

NOTE 6 – RETIREMENT PLAN

The Corporation provides a contributory tax-deferred annuity plan for all eligible employees. Employer contributions were suspended by the Corporation from January 1, 2009 to December 31, 2018. Beginning January 1, 2019, the Corporation reinstated contributions to the plan by providing matching contributions equal to 25% of each employee’s contribution, up to 3% of the employee’s base salary. Retirement expense was \$29,668 for 2025.

NOTE 7 – REVENUE FROM THE STATE OF FLORIDA REQUIRING MATCH

The Corporation received revenue from the State of Florida under contract with Central Florida Behavioral Health Network, the managing entity for the Department of Children and Families. The contract requires a local match for certain services. The Corporation incurred and funded allowable program costs in excess of the required match.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 – LEASE ASSET AND LEASE LIABILITY

The Corporation has elected to apply the short term lease exception to all leases with a term of one year or less. As of June 30, 2025, the Corporation had one short-term office lease.

The Corporation leases its office space under operating leases. There are two three-year options to renew the office leases, which were considered when assessing the value of the ROU asset because the Corporation is reasonably certain that it will exercise its options to renew the leases. These leases are the only leases required to be included on the balance sheet under FASB ASU 2016-02. As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$419,576, as shown in the statement of financial position; the lease liability is included in current liabilities (\$108,246) and long-term liabilities (\$327,981). The lease asset and liability were calculated utilizing the risk-free discount rate (4.46%), according to the Corporation's elected policy.

Additional information about the Corporation's lease for 2025 is as follows:

Lease Costs (included in occupancy expense):

Operating lease cost	\$ 134,383
	\$ 134,383
	\$ 134,383

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 122,141
	\$ 122,141
	\$ 122,141

Maturities of operating lease liabilities as of June 30, 2025

Year ending June 30:		
	2026	\$ 127,578
	2027	135,825
	2028	114,606
	2029	99,978
		477,987
Total lease payments		477,987
Less: interest		(41,760)
Present value of lease liability		\$ 436,227

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Public Support

The Corporation receives a significant amount of its income from public support through grants and contracts, which provide for reimbursement of actual costs incurred. These grants and contracts are subject to year-end adjustment and audit and retroactive adjustment by third-party payers. All known adjustments affecting such grants and contracts have been provided for in the financial statements. The ability to continue operating at the current level of service if the grants or contracts were lost or cancelled is dependent upon the Corporation's ability to generate other unrestricted revenue sources.

Legal Contingencies

The Corporation, from time to time, is also involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that any such matters will be either resolved without material adverse effect on the Corporation's future financial position or are too early in the process to evaluate the likelihood of an outcome. However, depending on the above and timing of such resolution, an unfavorable outcome of some or all of these matters could materially affect the Corporation's future results of operations or cash flows in a particular period.

Contingent Liabilities

Royal Palm Property—2007 Contract and 2007 County Note

In November 2007, the Corporation entered into a contract (the 2007 Contract) with Sarasota County (the County) whereby The Corporation received a twenty-year term loan of \$1,150,000 to purchase and renovate the Royal Palms apartment building for sober transitional and/or low-income housing. A total of \$1,095,537 was drawn on the loan through June 30, 2009, and, due to time limits specified in the contract, no additional funds were available after that date. The loan is evidenced by a promissory note (the 2007 County Note) and secured by a mortgage on the building.

The 2007 County Note bears interest at the rate of 0% per annum and is due and payable on January 30, 2027. Prepayment in full may be made at any time without penalty. Under terms of the 2007 Contract, provided the Corporation complies with the terms thereof, including completion of the project and all reporting requirements, the remaining balance of the 2007 County Note will be released by the County without payment at maturity (January 30, 2027). A key provision of the 2007 Contract is that the units in the building are required to be maintained as sober transitional and/or low-income housing residences for twenty years. Furthermore, in the event the 2007 Contract is terminated prior to maturity, the Corporation's repayment obligation shall be pro rata based on an annual principal reduction to the principal amount of the note of \$57,500.

Royal Palm Property—2009 Agreement and 2009 City Note

In June 2009, the Corporation entered into an agreement (the 2009 Agreement) with the City of Sarasota whereby the City provided the Corporation with a loan from the State Housing Initiatives Partnership Program in the amount of \$562,000 to develop affordable housing for persons with substance dependency. Under the 2009 Agreement, the City used the loan proceeds to pay down a corresponding amount of the 2007 County Note discussed above.

The loan is evidenced by a promissory note (the 2009 City Note) and secured by a mortgage on the same Royal Palms apartment building. The 2009 City Note bears interest at the rate of 0% per annum and is due and payable on the sale of the property, when the property is no longer used to house persons in accordance with the 2009 Agreement, or on June 30, 2029, whichever occurs first. The 2009 City Note may be prepaid in full at any time without penalty and may be forgiven at the end of twenty years (June 30, 2029) if the Corporation enters into an agreement to continue using the property(s) to house individuals with substance abuse disability or use the proceeds of any sale of the property to benefit individuals with substance abuse disabilities.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

North Washington Boulevard Property and 2010 Contract

In September 2010, the Corporation entered into a contract (the 2010 Contract) with the County whereby the Corporation would receive up to \$561,939 from the County to renovate seventy-five housing units, which are to be used for substance-free housing. The housing units are owned by the Corporation. The Corporation drew down and expended the full amount of the 2010 Contract in 2011 and 2012.

There is no promissory note or mortgage related to the 2010 Contract. The 2010 Contract requires that the units be maintained as substance-free housing units for a period of ten years unless replaced sooner with a like number of newly constructed units. In the event that the Corporation ceases to operate the facility for the purposes of substance-free housing and treatment facility prior to the end of the ten years, the 2010 Contract shall be deemed terminated. In such event, The Corporation shall repay to the County the funds provided there-under “prorated on an annual reduction of 10%”. The County placed a deed restriction on the property to ensure the continued use of the units for its intended purpose as noted above.

Royal Palm Property—2015 Agreement and 2015 County Note

In April 2015, the Corporation entered into a grant agreement (the 2015 Agreement) with the County whereby the Corporation would receive a maximum loan of \$140,000 to replace certain windows at the Royal Palm apartment building, in an effort to mitigate future wind damage. The loan is evidenced by a promissory note (the 2015 County Note) and secured by a mortgage on the same Royal Palm apartment building as secures the 2007 County Note and 2009 City Note. The Corporation drew down and expended \$99,980 in 2015 related to this project but has not made any additional draws. The Corporation does not anticipate drawing down any additional monies related to this loan.

The 2015 County Note bears interest at the rate of 0% per annum. Prepayment in full may be made at any time without penalty. The Note is due and payable upon the sale of any portion of the property prior to April 30, 2025. The loan was forgiven on April 30, 2025. A key provision of the 2015 Agreement is that the property will be leased to low-income residents for a period of ten years. As of June 30, 2025, all amounts are paid and no outstanding balance remains.

The Corporation intends to comply fully with the terms of the 2007 and 2010 Contracts, and the 2009 and 2015 Agreements, and expects all related obligations ultimately to be extinguished without requiring payment. Accordingly, no liabilities for these transactions have been recorded on the accompanying financial statements.

NOTE 10 – RELATED PARTY DISCLOSURE

The Corporation paid rent of \$22,510 for the year ended June 30, 2025, for an office in Venice, Florida, owned by a Board Member’s family limited partnership.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 – FAIR VALUE MEASUREMENT

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis, and the level within the fair value hierarchy in which the fair value measurements fall:

	Fair Value Measurements as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Certificates of Deposit	\$ -	\$ 7,301,676	\$ -	\$ 7,301,676
Cash	493,407	-	-	493,407
Mutual Funds	62,422	-	-	62,422
Stocks	32,743	-	-	32,743
Total	\$ 588,572	\$ 7,301,676	\$ -	\$ 7,890,248

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended June 30, 2025 and June 30, 2024, there were no transfers in or out of Levels 1, 2, or 3.

NOTE 12 – CLIENT/PATIENT CARE SERVICE REVENUE RECOGNITION

For client/patient care services, the Corporation generates revenue primarily from services provided for mental health and substance abuse treatment. Revenues are stated net of contractual adjustments. Revenue generating activities under each customer contract represent a single performance obligation and are recognized at the point in time when service has been rendered for the customer and the Corporation's obligation has been fulfilled. The Corporation provides care to residents on a daily basis, including room and board, administration of medications, psychiatric evaluations, and program activities. The underlying task performed will vary by patient. The single performance obligation is based on the time period in which the client stays, billed monthly. Revenue is measured based on the amount of consideration expected to be received in exchange for the service. The contract term between the Corporation and the clients can be terminated or modified at any time.

Amounts due from patients, third-party payors (including health insurers, Medicare, and Medicaid), and others, include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors monthly. Revenue is recognized as performance obligations are satisfied.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 – CLIENT/PATIENT CARE SERVICE REVENUE RECOGNITION (continued)

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied at a point in time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied at a point in time relate to patients in the residential treatment program receiving inpatient substance abuse and mental health care services, or patients receiving services in the outpatient centers. The Corporation measures the performance obligation after each service has been performed, from admission into the residential treatment program, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and customers (for example, pharmaceuticals) and the Corporation does not believe it is required to provide additional goods or services related to that patient.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

The Corporation determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare—Certain inpatient substance abuse and mental health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.
- Medicaid—Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- Other—Payment agreements with certain commercial insurance carriers and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Sliding fee scales, based on income level, are used to determine the rates for self-pay clients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Lightshare Behavioral Wellness & Recovery, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 – CLIENT/PATIENT CARE SERVICE REVENUE RECOGNITION (continued)

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

The Corporation requires certain programs to have upfront deposits based on the terms of their policies and is shown on the face of the financial statements as client deposits, which are considered to be a contract liability.

The following table presents total outstanding accounts receivable from clients and third-party payees and an aging analysis at June 30, 2025:

	2025
0-30 days past due	\$ 131,789
31-60 days past due	110,626
61-90 days past due	51,943
91+ days past due	<u>1,657,374</u>
Total	1,951,732
Less: Allowance	<u>(1,214,560)</u>
	<u>\$ 737,172</u>

The following table presents the activity in the allowance for doubtful accounts for the year ended June 30, 2025.

	2025
Beginning balance	\$ 1,576,139
Additions	350,000
Adjustments	644,600
Reductions	<u>(1,356,179)</u>
Ending balance	<u>\$ 1,214,560</u>

NOTE 13 – HAWTHORNE FAMILY CLASS TRUST BENEFICIARY

Regions Bank, trustee of the Hawthorne Family Class Trust (FCT), notified Coastal in February 2021 that a sub-account of the trust has been set up in their name. As of June 30, 2025, the account balance has a market value of \$89,764. Through this agreement, and the acquisition of Coastal, the Corporation will receive a minimum of \$3,000 per year from this account, or \$250 monthly. This account is not included in the financial statements because the Corporation has no control of the FCT. The FCT will not terminate until the last original beneficiary dies.