



PARC, INC. AND AFFILIATES

**Consolidated Financial Statements, Supplementary
Financial Information and Reports as Required by
the Comptroller General of the United
States, the Uniform Guidance, and
Chapter 10.650, *Rules of the Auditor General***

**September 30, 2025 and 2024
(With Independent Auditors' Report Thereon)**

PARC, INC. AND AFFILIATES

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS



CBIZ CPAs P.C.

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Independent Auditors' Report

The Board of Directors
PARC, Inc. and Affiliates:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PARC, Inc. and Affiliates, (the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PARC, Inc. and Affiliates as of September 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 consolidated 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 for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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 Chapter 10.650, *Rules of the State of Florida Auditor General* 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 audits 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 GAAS. 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 January 27, 2026 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

January 27, 2026
St. Petersburg, Florida

PARC, INC. AND AFFILIATES

Consolidated Statements of Financial Position

September 30, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents, including restricted cash of \$29,394 and \$50,158 as of September 30, 2025 and 2024, respectively	\$ 1,568,091	2,675,535
Short-term investments	5,645,402	7,739,321
Accounts receivable:		
Third party payors, less allowance for credit losses of \$29,627 as of September 30, 2025 and 2024, respectively	1,847,819	1,806,381
Other	35,179	34,526
Grants and contracts receivable, net	920,695	502,516
Current portion of pledges receivable, net	304,439	315,789
Prepaid expenses and other assets	<u>332,564</u>	<u>155,518</u>
Total current assets	10,654,189	13,229,586
Investments		
Community Foundation investments	8,747,947	8,394,867
Partnership investment	244,683	233,254
Operating lease right-of-use assets	11,535	12,208
Pledges receivable, less current portion	252,552	89,858
Receivable from charitable remainder trusts	404,343	353,632
Beneficial interest in perpetual trusts	1,372,511	1,302,567
Assets whose use is limited	380,869	355,867
Land, buildings and equipment, net	285,269	264,525
Total assets	<u>\$ 40,154,325</u>	<u>33,102,016</u>

PARC, INC. AND AFFILIATES

Consolidated Statements of Financial Position - Continued

September 30, 2025 and 2024

	2025	2024
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 513,881	18,891
Current portion of operating lease liabilities	67,211	71,707
Current portion of annuity obligations	5,975	2,193
Accounts payable	1,331,285	736,411
Accrued expenses	1,162,368	1,174,272
Deferred revenue	55,543	51,191
Total current liabilities	3,136,263	2,054,665
Long-term debt, excluding current portion	114,298	134,833
Operating lease liabilities, excluding current portion	185,341	18,151
Annuity obligations, excluding current portion	37,593	43,738
Total liabilities	3,473,495	2,251,387
Net assets:		
Without donor restrictions:		
Net investment in land, buildings and equipment	17,172,248	8,711,928
Designated for long-term purposes	504,319	485,986
Designated for operating reserves	2,239,529	4,471,317
Undesignated	1,044,721	2,965,891
	20,960,817	16,635,122
With donor restrictions	15,720,013	14,215,507
Total net assets	36,680,830	30,850,629
Total liabilities and net assets	\$ 40,154,325	33,102,016

See accompanying independent auditors' report and notes to consolidated financial statements.

PARC, INC. AND AFFILIATES

Consolidated Statements of Activities

Years Ended September 30, 2025 and 2024

	2025	2024
Net Assets Without Donor Restrictions:		
Revenue, support, and gains:		
Special event revenue	\$ 714,775	689,036
Less special event costs	(289,488)	(339,618)
Net revenue from special events	425,287	349,418
Grants and contracts	1,915,577	1,871,760
Contributions	500,260	509,108
Wills and bequests	123,510	264,274
In-kind support	83,300	78,258
Medicaid and Medwaiver reimbursements	20,110,231	18,981,086
Program service fees	1,464,494	1,409,234
Workshop sales	60,675	82,129
Investment return, net	332,192	341,328
Rental income	549,836	511,275
Other	18,621	23,802
<i>Net assets released from restrictions:</i>		
Appropriation of restricted investment earnings	362,698	242,088
Total revenue, support, and gains	25,946,681	24,663,760
Operating expenses:		
Program services	20,253,809	19,116,134
Supporting services	4,627,089	4,697,785
Total operating expenses	24,880,898	23,813,919
Change in net assets without donor restrictions before other changes	1,065,783	849,841
Other changes:		
Capital grants	3,262,160	1,884,119
Change in value of split-interest agreements	(1,607)	(2,092)
Loss on disposal of property and equipment	(641)	(161,977)
Change in net assets without donor restrictions	\$ 4,325,695	2,569,891

(Continued)

PARC, INC. AND AFFILIATES

Consolidated Statements of Activities – Continued

Years Ended September 30, 2025 and 2024

	2025	2024
Net Assets with Donor Restrictions:		
Revenue, support, and gains:		
Contributions to be held in perpetuity	\$ -	37,500
Restricted investment return, net	697,922	1,571,171
<i>Net assets released from restrictions:</i>		
Appropriation of restricted investment earnings	(362,698)	(242,088)
Total revenue, support, and gains	335,224	1,366,583
Other changes:		
Contributions restricted for capital expenditure	1,074,336	4,508,377
Change in value of split-interest agreements	69,944	359,760
Change in value of split-interest agreements in perpetuity	25,002	53,875
Change in net assets with donor restrictions	1,504,506	6,288,595
Change in net assets	5,830,201	8,858,486
Net assets at beginning of year	30,850,629	21,992,143
Net assets at end of year	\$ 36,680,830	30,850,629

PARC, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2025
(With Comparative Totals for 2024)

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	
	Residential	Adult Day Program	Children's Programs	Other		Management and General	Development		2025	2024
		2025	2024	2025						
Staff salaries and wages	\$ 8,944,061	1,868,061	1,471,751	347,653.00	12,631,526	2,155,935	338,515	2,494,450	15,125,976	14,797,423
Consumer wages	-	48,921	-	-	48,921	-	-	-	48,921	37,395
Payroll taxes	664,547	142,620	107,711	26,807.00	941,685	151,745	23,761	175,506	1,117,191	1,100,609
Employee benefits	1,032,120	264,010	234,692	40,155.00	1,570,977	268,874	45,950	314,824	1,885,801	1,739,068
Total personnel expenses	10,640,728	2,323,612	1,814,154	414,615.00	15,193,109	2,576,554	408,226	2,984,780	18,177,889	17,674,495
Utilities	299,829	78,693	55,505	1,923.00	435,950	34,083	5,405	39,488	475,438	484,562
Insurance	377,651	81,221	61,668	36,957.00	557,497	47,009	4,491	51,500	608,997	534,939
Interest	24,613	3,581	2,759	1,281.00	32,234	2,197	137	2,334	34,568	31,617
Repairs and maintenance	305,149	103,280	84,705	6,635.00	499,769	69,062	4,189	73,251	573,020	681,313
Software	49,668	22,684	26,850	12,919.00	112,121	213,262	-	213,262	325,383	335,945
Food	969,025	16,453	157,506	1,465.00	1,144,449	-	925	925	1,145,374	1,006,506
Production supplies	-	7,756	-	-	7,756	-	-	-	7,756	5,474
Printing and postage	7,350	2,223	3,807	258.00	13,638	16,984	14,160	31,144	44,782	37,458
Professional fees	205,993	5,507	5,259	988.00	217,747	175,185	1,055	176,240	393,987	218,079
Contract services	102,041	2,164	-	-	104,205	315,960	311,989	627,949	732,154	784,275
Temporary labor	409,256	95	-	-	409,351	-	-	-	409,351	170,724
Vehicle expenses	71,735	8,304	8,261	80,597.00	168,897	11,817	-	11,817	180,714	173,790
Small equipment	4,162	883	-	155.00	5,200	13,587	-	13,587	18,787	24,053
Operating supplies	317,401	54,931	25,776	4,063.00	402,171	57,526	11,243	68,769	470,940	432,694
Other expense	115,554	57,695	42,405	6,086.00	221,740	128,595	57,227	185,822	407,562	389,318
In-kind expenses	44,815	688	5,543	-	51,046	26,330	5,924	32,254	83,300	78,258
Bad debt expense (recoveries)	-	21,993	-	627.00	22,620	4,339	-	4,339	26,959	(293)
Total expenses before depreciation	13,944,970	2,791,763	2,294,198	568,569	19,599,500	3,692,490	824,971	4,517,461	24,116,961	23,063,207
Depreciation	385,915	153,348	102,908	12,138	654,309	107,448	2,180	109,628	763,937	750,712
Total expenses - 2025	\$ 14,330,885	2,945,111	2,397,106	580,707	20,253,809	3,799,938	827,151	4,627,089	24,880,898	
Total expenses - 2024	\$ 12,969,985	2,989,788	2,607,540	548,821	19,116,134	3,790,799	906,986	4,697,785		23,813,919

See accompanying independent auditors' report and notes to consolidated financial statements.

PARC, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Residential	Adult Day Program	Children's Programs	Other		Management and General	Development		
Staff salaries and wages	\$ 8,524,708	1,913,052	1,559,021	315,384	12,312,165	2,005,768	479,490	2,485,258	14,797,423
Consumer wages	-	37,395	-	-	37,395	-	-	-	37,395
Payroll taxes	638,123	146,092	114,130	24,355	922,700	143,624	34,285	177,909	1,100,609
Employee benefits	837,013	259,946	280,929	45,876	1,423,764	249,424	65,880	315,304	1,739,068
Total personnel expenses	9,999,844	2,356,485	1,954,080	385,615	14,696,024	2,398,816	579,655	2,978,471	17,674,495
Utilities	276,846	88,053	84,607	2,283	451,789	28,829	3,944	32,773	484,562
Insurance	313,291	75,630	60,004	33,481	482,406	47,431	5,102	52,533	534,939
Interest	22,649	3,578	2,904	1,076	30,207	1,275	135	1,410	31,617
Repairs and maintenance	331,867	203,696	86,876	4,216	626,655	53,473	1,185	54,658	681,313
Software	43,964	13,251	16,834	145	74,194	261,751	-	261,751	335,945
Food	817,440	19,438	167,624	1,099	1,005,601	-	905	905	1,006,506
Production supplies	-	5,474	-	-	5,474	-	-	-	5,474
Printing and postage	6,860	3,857	5,449	9	16,175	12,151	9,132	21,283	37,458
Professional fees	186,996	6,471	5,909	1,098	200,474	16,521	1,084	17,605	218,079
Contract services	109,029	3,766	-	-	112,795	488,102	183,378	671,480	784,275
Temporary labor	170,629	95	-	-	170,724	-	-	-	170,724
Vehicle expenses	80,277	5,482	12,131	64,882	162,772	11,006	12	11,018	173,790
Small equipment	15,066	3,573	1,967	450	21,056	2,872	125	2,997	24,053
Operating supplies	277,034	45,210	43,827	4,279	370,350	46,551	15,793	62,344	432,694
Other expense	117,772	45,124	40,740	4,632	208,268	112,116	68,934	181,050	389,318
In-kind expenses	10,800	3,164	6,325	-	20,289	23,730	34,239	57,969	78,258
Bad debt recoveries	-	-	-	-	-	(293)	-	(293)	(293)
Total expenses before depreciation	12,780,364	2,882,347	2,489,277	503,265	18,655,253	3,504,331	903,623	4,407,954	23,063,207
Depreciation	189,621	107,441	118,263	45,556	460,881	286,468	3,363	289,831	750,712
Total expenses	\$ 12,969,985	2,989,788	2,607,540	548,821	19,116,134	3,790,799	906,986	4,697,785	23,813,919

See accompanying independent auditors' report and notes to consolidated financial statements.

PARC, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 5,830,201	8,858,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	763,937	750,712
Loss on disposal of property and equipment	641	161,977
Realized and unrealized gains on investments	(454,137)	(1,390,260)
Noncash contribution of securities	(21,538)	(108,405)
Change in value of split-interest agreements	(92,709)	(411,543)
Equity in earnings of affiliated partnership	673	126
Grants and contributions restricted for long-term purposes	(3,627,714)	(5,723,075)
(Increase) decrease in operating assets:		
Accounts receivable	(42,091)	820,567
Grants and contracts receivable	(418,179)	(341,928)
Pledges receivable	(39,361)	(669,421)
Prepaid expenses and other assets	(177,046)	89,938
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	474,228	342,420
Deferred revenue	4,352	(59,578)
	<u>2,201,257</u>	<u>2,320,016</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(9,590,611)	(3,317,498)
Purchases of investments	(2,281,011)	(8,025,131)
Proceeds from sale of investments	4,486,096	4,632,015
Change in assets whose use is limited	(20,744)	(20,776)
	<u>(7,406,270)</u>	<u>(6,731,390)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments to annuitants	(4,600)	(4,300)
Grants and contributions restricted for long-term purposes	3,627,714	5,723,075
Proceeds from long-term debt	493,346	-
Principal payments on long-term debt	(18,891)	(17,378)
	<u>4,097,569</u>	<u>5,701,397</u>
Net cash provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(1,107,444)	1,290,023
Cash and cash equivalents at beginning of year	<u>2,675,535</u>	<u>1,385,512</u>
Cash and cash equivalents at end of year	<u>\$ 1,568,091</u>	<u>2,675,535</u>
Non-cash investing and financing activities:		
Additions to operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 231,503	-
Acquisition of property and equipment included in accounts payable	\$ 108,742	-

See accompanying independent auditors' report and notes to consolidated financial statements.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2025 and 2024

(1) Description of Organization and Summary of Significant Accounting Policies

(a) Description of Organization and Principles of Consolidation

PARC, Inc. (“PARC”) and its affiliates PARC Housing, Inc., PARC Housing II, Inc., PARC Endowment Fund and PARC Endowment Fund 2 and its wholly owned subsidiary, Tyrone General, Inc. (collectively referred to as the “Organization”) were organized as nonprofit entities to provide housing, vocational training, recreational, respite and support services to individuals with developmental disabilities and their families in Pinellas County, Florida and are described as follows:

PARC, Inc. provides services to children and adults with developmental disabilities, as well as their families. Established in 1953, it currently serves more than 800 individuals in Pinellas County, Florida.

PARC Housing, Inc. and PARC Housing II, Inc. operate residential facilities for individuals with developmental disabilities under Section 202 of the Housing Act of 1959 with a Section 8 Housing Assistance Payment Contract. They are regulated by the U.S. Department of Housing and Urban Development (“HUD”).

PARC Endowment Fund and PARC Endowment Fund 2 (a/k/a Gunderson Trust Endowment Fund) were established in 1978 and 2007, respectively, to establish a repository for lifetime gifts and bequests.

Tyrone General, Inc. (“TGI”) is a wholly-owned subsidiary of PARC. TGI owns a 33% interest in Pediatric Health Choice at the Bishop Children’s Center, a Florida general partnership. TGI’s financial statements have been consolidated with the financial statements of PARC. TGI’s interest in the partnership is accounted for using the equity method.

The consolidated financial statements include the consolidated financial statements of PARC and its subsidiary Tyrone General, Inc. and the financial statements of its affiliates, PARC Housing, Inc., PARC Housing II, Inc., PARC Endowment Fund and PARC Endowment Fund 2, which are collectively under common control. All significant interorganizational balances have been eliminated in consolidation.

(b) Description of Programs

PARC, PARC Housing, Inc. and PARC Housing II, Inc. provide services to adults and children with developmental disabilities in Pinellas County, Florida. Program objectives are as follows:

Residential Programs provide a safe living environment and promote learning of daily living and basic self-care skills for individuals with the most severe developmental disabilities and independent living skills for individuals with less restrictive disabilities.

Adult Day Programs provide supporting services which provide regular opportunities for adults to participate in community activities which are appropriate for them, and opportunities for persons with employment barriers, as well as assistance for those with existing jobs.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(b) **Description of Programs - Continued**

Children's Programs provide early intervention services for children.

Other Programs provide employment, in-home support, transportation, training, and food services for the individuals PARC serves.

(c) **Consolidated Financial Statement Presentation and Financial Accounting Standards**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PARC, Inc. and Affiliates and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Organization's Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying consolidated statements of support and revenue, expenses and other changes in net assets without donor restrictions as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

The Financial Accounting Standards Board ("FASB") issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles - authoritative and nonauthoritative - and making the Accounting Standards Codification ("ASC") the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. This guidance is incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

(d) **Cash Equivalents**

The Organization considers all highly-liquid financial instruments, including certificates of deposit, with original maturities of three months or less to be cash equivalents.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(e) **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are comprised primarily of amounts due from the State of Florida Medicaid program along with workshop sales and amounts due from estates and private-pay consumers.

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The Organization provides for losses on accounts receivable using the allowance method. An allowance for credit losses related to accounts receivable is established based upon historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. The Organization periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

(f) **Contributions and Allowance for Uncollectible Pledges**

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected. Conditional promises to give are not included as support until the conditions are substantially met.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(f) **Contributions and Allowance for Uncollectible Pledges - Continued**

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statement of financial position. The Organization received cost-reimbursable grants of approximately \$731,000 that have not been recognized at September 30, 2025 because qualifying expenditures have not yet been incurred.

(g) **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's consolidated statements of financial position. Donated investments are initially recorded at market value on the date of donation and thereafter reported in accordance with the above provisions. Realized gains and losses are included in investment return and are calculated based on proceeds received less cost. The cost of securities sold is based on the specific identification method. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

(h) **Assets Whose Use is Limited**

Assets whose use is limited represents restricted cash balances of PARC Housing, Inc. and PARC Housing II, Inc. which are maintained for specific purposes under HUD regulations, primarily for reinvestment in building improvements and equipment.

(i) **Land, Buildings and Equipment**

Depreciation of buildings and equipment is computed principally by the straight-line method over the estimated useful lives of the related assets, ranging from 2 to 40 years. Expenditures in excess of \$2,000 with estimated useful lives greater than one year are capitalized. Land, buildings and equipment are stated at cost, or if contributed, at fair value at the date of donation. Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs. However, its disposition, as well as the ownership of any proceeds therefrom, is subject to applicable regulations.

(j) **Charitable Gift Annuities**

The Organization maintains custody of the assets related to charitable gift annuities ("CGA") and makes specified distributions to a designated beneficiary over the term of each annuity. Assets under the annuities are recorded at fair value.

The annuity liabilities associated with the CGA are determined based on the present value of the estimated future payments to be made to the designated beneficiaries. Discount rates used in computing present values range from 2.2% to 5.6%. The liability is reduced as distributions are made to the beneficiaries.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(k) **Donated Supplies and Services**

Donations of supplies are recorded as support at their estimated fair value at the date of donation. Donations of services are recorded as support at their estimated fair value if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization also receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying consolidated statements of activities because the criteria for recognition of such volunteer effort under FASB ASC Topic 958 relating to *Not-for-Profit Entities* have not been satisfied.

(l) **Income Taxes**

PARC, PARC Housing, Inc. and PARC Housing II, Inc. are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been determined not to be private foundations. These entities have adopted FASB guidance regarding *Uncertainty in Income Taxes* as codified in FASB ASC 740-10. At September 30, 2025, management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty. The Organization's tax filings for periods after the fiscal year ended September 30, 2021 remain open for examination.

TGI is a C corporation subject to federal and state income taxes. TGI's income taxes are recorded in these consolidated financial statements in the period TGI files its tax return and the amount of its tax is determined. Income tax expense (refund) relating to partnership earnings for the years ended September 30, 2025 and 2024 was \$0, respectively.

(m) **Revenue Recognition**

The Organization provides children and adults with developmental disabilities certain program services which are paid for by clients or certain third-party payers (including health insurers and government reimbursement programs). These program services include institutional care such as non-ambulatory/medical care, group residential habitation care, room and board care and pre-school care for children with developmental disability or developmental delays. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing these program services. Fees for program services are recognized over time when the services are provided based on standard charges, net of any contractual adjustments under insurance contracts. Program services are billed monthly and amounts collected in advance are recorded as deferred revenue.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(n) **Functional Expense Allocations**

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. The Organization has a cost allocation plan to allocate its expenses to functional categories in accordance with the requirements of ASC Topic 958, *Not-for-Profit Entities*. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

(o) **Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), 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. Management's assessment did not indicate that substantial doubt is raised about the Organization's ability remain a going concern for one year from the date the consolidated financial statements were available for issuance.

(p) **Estimates in Consolidated Financial Statements**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

(q) **Leases**

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

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(q) Leases - Continued

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(r) Advertising

Direct costs related to advertising the Organization's services are expensed in the period incurred. Advertising expenses were approximately \$20,100 and \$28,600 for the years ended September 30, 2025 and 2024, respectively.

(2) Pledges Receivable, Net

Pledges receivable at September 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Total gross pledges receivable	\$ 729,187	698,580
Less unamortized discount	<u>(20,405)</u>	<u>(29,159)</u>
Net pledges receivable	<u>\$ 708,782</u>	<u>669,421</u>

The discount rates applied ranged from 3.51% to 4.96% for the year ended September 30, 2025. Allowances for doubtful pledges as of September 30, 2025 and 2024 were not considered necessary. The Organization had net pledges receivable of \$708,782 and \$669,421 at September 30, 2025 and 2024, respectively.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(2) Pledges Receivable, Net - Continued

Maturities of pledges receivable at September 30, 2025 and 2024 are as follows:

	2025	2024
Gross amounts due:		
Within one year	\$ 304,439	315,789
One to five years	424,748	382,791
	\$ 729,187	698,580

(3) Investments

At September 30, 2025 and 2024, the cost and fair value of investments were as follows:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Short-term investments:				
Money market funds	\$ 5,395,499	5,395,499	6,336,098	6,336,098
Certificates of deposit	249,903	249,903	1,403,223	1,403,223
	5,645,402	5,645,402	7,739,321	7,739,321
Long-term investments:				
Cash and money market funds	332,198	332,198	337,865	337,865
Bond mutual funds	2,685,888	2,661,862	2,593,068	2,509,816
Equity mutual funds	4,467,121	5,721,221	4,547,756	5,515,868
Exchange traded funds	28,201	32,666	28,201	31,318
	7,513,408	8,747,947	7,506,890	8,394,867
	\$ 13,158,810	14,393,349	15,246,211	16,134,188

The Organization's investments in equity and fixed income mutual funds are not concentrated in a single entity or in a few entities, nor are there any specific industry concentrations.

The Organization has also established endowment accounts at the Community Foundation of Tampa Bay and at Pinellas County Community Foundation (collectively, the "Community Foundations"), naming itself as the beneficiary. Under the terms of each endowment agreement, the Community Foundations do not have variance power over the endowment funds. For the years ended September 30, 2025 and 2024, net investment return on these endowment accounts was \$24,584 and \$22,462, respectively.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(3) Investments - Continued

The following schedule summarizes the investment return and its classification in the accompanying consolidated statements of changes in net assets for the years ended September 30, 2025 and 2024:

	2025	2024
Interest and dividend income	\$ 621,781	559,460
Net realized and unrealized gains	454,137	1,390,260
Investment management fees	(45,804)	(37,221)
Total investment return	1,030,114	1,912,499
Unrestricted investment return	332,192	341,328
Restricted investment return	\$ 697,922	1,571,171

(4) Land, Buildings and Equipment

Land, buildings and equipment at September 30, 2025 and 2024 consists of the following:

	2025	2024
Land	\$ 347,982	347,982
Land improvements	505,030	492,730
Buildings and improvements	13,712,513	10,508,939
Furniture, fixtures and equipment	3,189,826	2,953,456
Transportation equipment	1,216,651	1,344,625
Construction in progress	8,826,116	2,613,932
	27,798,118	18,261,664
Less accumulated depreciation	(9,997,691)	(9,396,012)
	\$ 17,800,427	8,865,652

Depreciation expense was \$763,937 and \$750,712 for the years ended September 30, 2025 and 2024, respectively.

Certain improvements to various properties were partially funded by the U.S. Department of Housing and Urban Development. Under the terms of the funding agreements, the Organization is required to continue to use the improved properties to provide program services through dates ranging from January 2025 to July 2043. If the Organization disposes of any of the properties prior to expiration of the land use restrictions, the Organization may be required to refund a portion of the funds received. The net book value of the improvements was approximately \$3,464,000 and \$2,274,000 as of September 30, 2025 and 2024, respectively.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(5) Split-Interest Agreements

Beneficial Interest in Perpetual Charitable Trusts

The Organization is an income beneficiary of perpetual trusts held by third parties. The Organization's interest in these perpetual trusts is measured based on the fair value of the trust assets.

Investment income, including the change in fair value of the trust assets and distributions from the trusts, are reported as revenue without donor restrictions and/or with donor restrictions as stipulated in the individual trust agreements.

Charitable Remainder Trusts

The Organization is the beneficiary of several charitable remainder trusts held by third parties. Annual changes to these trusts are recorded as a change in value of split-interest agreements in the consolidated statements of activities.

Charitable Gift Annuities

Under the charitable gift annuity agreements, the Organization receives a stated amount, and in consideration of the amount transferred, agrees to pay the annuitants a specified annuity payment. Quarterly distributions under the charitable gift annuity agreements range from 5.5% to 6.3%, totaling \$4,600 and \$4,300 for the years ended September 30, 2025 and 2024, respectively.

State law requires PARC to maintain assets at least equal to the sum of the reserves on its outstanding charitable gift annuity agreements, calculated in accordance with the Internal Revenue Code, and a surplus of 10% of such reserves. PARC voluntarily maintains assets that are in excess of the required reserves and surplus.

(6) Construction Loan

Effective January 2024, the Organization entered into a borrowing agreement with a commercial bank, which provides the Organization the ability to borrow up to \$6.4 million in connection with the construction of a new Children's Services building. Amounts borrowed under this agreement will bear interest at a fixed rate of 7.20%, with interest accruing and payable monthly through April 15, 2025 ("interest only period"). At the conclusion of the interest only period, any amounts borrowed will require repayment of principal and interest monthly based on a twenty-year amortization schedule through the maturity date of January 2034. Any unpaid principal plus accrued interest will be due upon maturity. The construction loan is secured by real property plus an assignment of rents and leases. As of September 30, 2025, \$493,346 had been borrowed on the construction loan. Under the terms of the construction loan the Organization is required to maintain certain covenants as described in the agreement. The Organization was in compliance with or had obtained waivers of these covenants as of September 30, 2025.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(7) Line of Credit

In January 2024, the Organization entered into a new revolving line of credit from a commercial bank in connection with construction loan described in Note 6. The line of credit allows the Organization to borrow up to \$1,000,000 and is due on demand. The interest rate on the outstanding principal balance is charged at the prime rate plus 0.50% (7.75% at September 30, 2025), but not less than 8.50% per annum. The line of credit is secured by all business assets including cash and investments. There was no outstanding balance on the line of credit as of September 30, 2025. Under the terms of the line of credit the Organization is required to maintain certain covenants as described in the agreement. The Organization was in compliance with or had obtained waivers of these covenants as of September 30, 2025.

During fiscal 2011, Organization entered into an agreement for a revolving line of credit from a commercial bank which allows Organization to borrow up to \$1,000,000. During fiscal 2023, the line of credit was renewed with a maturity date of July 5, 2025. The interest rate on the outstanding principal balance was charged at the bank's prime rate plus 1.75%, but not less than 4.00% per annum. The line of credit was secured by all cash and investments held at this commercial bank, with an agreement not to encumber any other Organization assets without bank approval. There was no outstanding balance on the line of credit as of September 30, 2025. In January 2024, the revolving line of credit was terminated and replaced with a new line of credit from a commercial bank as described above.

(8) Long-Term Debt

Long-term debt consists of the following as of September 30, 2025 and 2024:

	2025	2024
8.375% mortgage note payable to HUD in monthly installments of \$2,588, including interest, through February 2031; secured by real property.	\$ 134,833	153,724
7.2% construction loan with a commercial bank, Loan requires interest only payments through March 2026. Installments of principal and interest beginning April 2026. Upon completion of the project, the construction loan is expected to be converted to a long-term note payable with maturity date of January 15, 2034. Secured by real property.	493,346	-
Total long-term debt	628,179	153,724
Less current installments	513,881	18,891
Long-term debt, excluding current installments	\$ 114,298	134,833

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(8) Long-Term Debt – Continued

Interest expense for the years ended September 30, 2025 and 2024 was \$34,568 and \$31,617, respectively.

The aggregate maturities of long-term debt for each of the five years subsequent to September 30, 2025 and thereafter are as follows:

<u>Year Ending September 30,</u>	
2026	\$ 513,881
2027	22,323
2028	24,266
2029	26,378
2030	28,674
Thereafter	<u>12,657</u>
	<u>\$ 628,179</u>

(9) Leases

PARC leases operating equipment for certain of its programs and supporting services. The leases have remaining lease terms ranging from approximately 2 to 5 years. Leases with initial terms of 12 months or less are not recorded on the consolidated statement of financial position. Expense under these short-term leases is recognized on a straight-line basis over the lease term.

The following summarizes the line items in the accompanying consolidated statements of financial position as of September 30, 2025 and 2024:

	2025	2024
Operating leases:		
Operating lease right-of-use assets	\$ <u>252,552</u>	<u>89,858</u>
Current portion of operating lease liabilities	\$ 67,211	71,707
Operating lease liabilities, less current portion	<u>185,341</u>	<u>18,151</u>
	<u>\$ 252,552</u>	<u>89,858</u>

The weighted average lease term and discount rate as of September 30, 2025 and 2024 are as follows:

	2025	2024
Weighted average remaining lease term:		
Operating leases	3.67	1.33
Weighted average discount rate:		
Operating leases	4.11%	4.96%

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(9) Leases – Continued

The components of lease costs under operating leases for the years ended September 30, 2025 and 2024 include the following:

	2025	2024
Operating lease cost	\$ 72,953	78,931
Short-term leases	29,103	22,371
Total lease costs	\$ 102,056	101,302

The following summarizes cash flow information related to leases for the years ended September 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 72,953	78,931
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 231,503	-

The maturities of operating lease liabilities as of September 30, 2025 were as follows:

Year Ending September 30,	
2026	\$ 76,147
2027	74,137
2028	72,127
2029	40,608
2030	9,048
Total payments	272,067
Less interest	(19,515)
Present value of lease liabilities	\$ 252,552

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(10) Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2025 and 2024 relate to assets contributed by donors and other funding sources for specific purposes and time periods as follows:

	2025	2024
Subject to time restrictions:		
Charitable remainder trusts	\$ 1,328,509	1,259,957
Subject to use restrictions:		
Unappropriated earnings from endowment	2,503,288	2,168,064
Contributions restricted for capital	5,582,713	4,508,377
	8,086,001	6,676,441
Net assets held in perpetuity:		
Internally-controlled endowments:		
PARC general endowment fund	3,705,043	3,705,043
Gunderson Trust endowment fund	2,175,589	2,175,589
Externally-controlled endowments:		
Young Ewing charitable remainder unitrust	44,002	42,610
Patterson Perpetual Charitable Trust	300,318	279,203
Evans Perpetual Charitable Trust	80,551	76,664
	6,305,503	6,279,109
	\$ 15,720,013	14,215,507

(11) Endowment Funds

The Organization’s internally controlled endowment net assets are comprised of the investments held in the PARC General Endowment Fund (the “Fund”), PARC Endowment Fund 2, also known as the Gunderson Trust Endowment Fund (the “Trust”), and amounts designated by the Organization’s Board of Directors.

In accordance with FASB ASC 958-205-45-28, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*, the Organization classifies investment earnings on endowments as a component of net assets with donor restrictions if not appropriated for expenditure in the period earned. Once investment earnings are appropriated for expenditure, the Organization reclassifies the amount appropriated as a component of net assets without donor restrictions.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(11) Endowment Funds - Continued

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable and classified as net assets with donor restrictions until appropriated for expenditure.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. Together, the Organization's investment and spending policies work to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return growth of 4% over inflation as measured by CPI. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates an annual distribution from endowment net assets as a component of PARC's operating budget for each fiscal year. Under the current spending policy, up to 5% of the fair value of the PARC Endowment Fund's principal and at least 5% of the fair value of the Gunderson Trust Endowment Fund's principal is distributed annually. The current spending policy for amounts designated by the Organization's Board of Directors is to spend on an as required basis.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(11) Endowment Funds - Continued

Composition of endowment net assets as of September 30, 2025 and 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
2025:			
Board-designated endowment	\$ 504,319	-	504,319
General endowment	-	5,579,327	5,579,327
Gunderson Trust endowment	-	2,804,593	2,804,593
	<u>\$ 504,319</u>	<u>8,383,920</u>	<u>8,888,239</u>
2024:			
Board-designated endowment	\$ 485,986	-	485,986
General endowment	-	5,345,227	5,345,227
Gunderson Trust endowment	-	2,703,469	2,703,469
	<u>\$ 485,986</u>	<u>8,048,696</u>	<u>8,534,682</u>

Changes in endowment net assets for the years ended September 30, 2025 and 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balances, September 30, 2023	\$ 459,300	6,682,113	7,141,413
Contributions	108,405	37,500	145,905
Net investment income	19,205	179,865	199,070
Net appreciation	7,011	1,391,306	1,398,317
Appropriations	<u>(107,935)</u>	<u>(242,088)</u>	<u>(350,023)</u>
Balances, September 30, 2024	485,986	8,048,696	8,534,682
Contributions	21,538	-	21,538
Net investment income	17,588	230,149	247,737
Net appreciation (depreciation)	(114)	467,773	467,659
Appropriations	<u>(20,679)</u>	<u>(362,698)</u>	<u>(383,377)</u>
Balances, September 30, 2025	<u>\$ 504,319</u>	<u>8,383,920</u>	<u>8,888,239</u>

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(12) Fair Value Measurements

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of financial instruments included in Level 1 are money market funds, equity and fixed income mutual funds, and exchange traded funds.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The Organization's certificates of deposit, including assets whose use is limited, are considered to be Level 2 fair value measurements.

Level 3: Valuation is based on unobservable inputs.

Fair value of assets measured on a recurring basis at September 30, 2025 is as follows:

	Assets Measured at Fair Value at September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$ 5,727,697	5,727,697	-	-
Certificates of deposit	249,903	-	249,903	-
Mutual funds - equity:				
Large blend	1,497,493	1,497,493	-	-
Large growth	1,298,817	1,298,817	-	-
Large value	1,146,484	1,146,484	-	-
Mid growth	611,555	611,555	-	-
Small blend	2,963	2,963	-	-
Mutual funds - fixed income:				
Short-term	949,823	949,823	-	-
Intermediate	736,483	736,483	-	-
Nontraditional	288,910	288,910	-	-
Multisector	758,607	758,607	-	-
Foreign/world	1,091,948	1,091,948	-	-
Exchange traded funds	32,666	32,666	-	-
	<u>14,393,349</u>	<u>14,143,446</u>	<u>249,903</u>	<u>-</u>
Receivable from charitable trusts	1,372,511	-	-	1,372,511
Beneficial interest in perpetual trusts	380,869	-	-	380,869
	<u>\$ 16,146,729</u>	<u>14,143,446</u>	<u>249,903</u>	<u>1,753,380</u>

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(12) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at September 30, 2024 is as follows:

	Assets Measured at Fair Value at September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Money market funds	\$ 6,673,963	6,673,963	-	-
Certificates of deposit	1,403,223	-	1,403,223	-
Mutual funds - equity:				
Large blend	1,224,995	1,224,995	-	-
Large growth	990,313	990,313	-	-
Large value	1,023,976	1,023,976	-	-
Mid growth	1,022,865	1,022,865	-	-
Small blend	2,676	2,676	-	-
Mutual funds - fixed income:				
Short-term	189,560	189,560	-	-
Intermediate	1,421,985	1,421,985	-	-
Nontraditional	197,998	197,998	-	-
Multisector	700,272	700,272	-	-
Foreign/world	1,251,044	1,251,044	-	-
Exchange traded funds	31,318	31,318	-	-
	<u>16,134,188</u>	<u>14,730,965</u>	<u>1,403,223</u>	<u>-</u>
Receivable from charitable trusts	1,302,567	-	-	1,302,567
Beneficial interest in perpetual trusts	355,867	-	-	355,867
	<u>\$ 17,792,622</u>	<u>14,730,965</u>	<u>1,403,223</u>	<u>1,658,434</u>

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The Organization utilizes discounted cash flow methods to estimate the fair value of receivables under charitable remainder trusts and the fair value of assets held in perpetual trusts which are not actively traded. As of September 30, 2025, significant unobservable inputs include discount rates and estimated life expectancies of income beneficiaries which range from one to ten years.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(12) Fair Value Measurements - Continued

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements - Continued

The following table sets forth a summary of changes in fair value of assets using significant unobservable inputs (Level 3) for the years ended September 30, 2025 and 2024:

	Receivable from Charitable Remainder Trusts	Beneficial Interest in Perpetual Trusts
Balance at September 30, 2023	\$ 942,807	301,992
Settlements	-	-
Total gains included in the changes in net assets	359,760	53,875
Balance at September 30, 2024	1,302,567	355,867
Settlements	-	-
Total gains included in the changes in net assets	69,944	25,002
Balance at September 30, 2025	\$ 1,372,511	380,869

(13) Related Party Transactions

During fiscal 2025 and 2024, PARC had rental income of \$93,288 and \$85,555, respectively, from property which it leases to a partnership in which Tyrone General, Inc. owns a 33% general partnership interest.

Portions of pledges receivable and contribution revenue at September 30, 2025 and 2024 and received for the years then ended are commitments made, by various Board members. At September 30, 2025 and 2024, contributions receivable from board members were approximately \$262,000 and \$335,000, respectively. For the years ended September 30, 2025 and 2024, contributions from Board members were approximately \$305,000 and \$672,000, respectively.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(14) Juvenile Welfare Board Program Revenue

Revenues from the Juvenile Welfare Board (“JWB”) consist of the following for the years ended September 30, 2025 and 2024:

		2025	2024
Child day program	\$	1,126,862	1,144,744
Family focus		307,315	309,964
	\$	1,434,177	1,454,708

(15) Donated Supplies and Services

Donated supplies and services for the years ended September 30, 2025 and 2024 consisted of the following:

		Residential Programs	Other Programs	Management and General	Development	Total
2025:						
Operating supplies and food	\$	6,040	1,183	7,825	2,451	17,499
Small equipment		14,145	80	18,000	49	32,274
Promotional activities		-	163	-	460	623
Other		24,630	4,805	505	2,964	32,904
	\$	44,815	6,231	26,330	5,924	83,300
2024:						
Operating supplies and food	\$	7,700	2,614	16,945	10,885	38,144
Small equipment		-	250	-	12,500	12,750
Promotional activities		-	-	200	730	930
Other		3,100	6,625	6,585	10,124	26,434
	\$	10,800	9,489	23,730	34,239	78,258

In addition to the in-kind supplies and services identified above, the Organization also received donated auction items totaling approximately \$72,100 and \$125,400 for the years ended September 30, 2025 and 2024, respectively, which are reported with special event revenues and costs in the accompany statements of activities.

The Organization received promotional materials and advertising at no cost from various promotional organizations and were valued at current rates for similar advertising and promotional materials. Additionally, donated food, operating supplies, small equipment, and auction items received in connection with certain fundraising events were valued on the basis of estimates of wholesale values that would be received for selling similar items in the United States.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(16) Retirement Plan

The Organization sponsors a 403(b)-employee retirement plan (the “Plan”), which covers all employees who meet the Plan’s participation requirements. Participants direct the investment of their contributions into various investment options offered by the Plan. The Organization will contribute to the Plan an amount of matching contribution equal to the lesser of 50% of a participant’s salary deferral contribution or 1% of the participant’s compensation received during the plan year. The Organization’s matching contribution is also invested as directed by participants. The Organization contributed approximately \$98,000 and \$79,000 to the Plan for the years ended September 30, 2025 and 2024, respectively.

(17) Commitments, Contingencies, and Concentrations

Consumer Trust Funds

At September 30, 2025 and 2024, PARC held funds in trust for its consumers of approximately \$1,900 and \$3,000, respectively. The transactions related to consumer trust funds are not reflected in PARC’s consolidated financial statements.

Financial Instruments and Operating and Credit Concentrations

The Organization holds its investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Organization’s investment holdings and the amounts reported in the consolidated financial statements.

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits and investments held by financial institutions in excess of federal deposit insurance limits, accounts receivable, and contributions receivable under promises to give. The Organization grants credit to its residents and consumers, most of whom are local residents of Florida and are beneficiaries under third-party, government-payor agreements. At September 30, 2025, the Organization’s bank balances exceeded federal deposit insurance by approximately \$1,319,000. At September 30, 2025, the Organization’s short term investment balances exceeded the Securities Investor Protection Corporation’s (“SIPC”) insured limit by approximately \$4,395,000.

Approximately 74% and 62% of operating support and revenue was derived from the State of Florida’s Medicaid and Medicaid Waiver programs for each of the years ended September 30, 2025 and 2024, respectively.

The Organization is economically dependent on the continuation of reimbursement from Medicaid and various U.S. Department of Housing and Urban Development housing assistance programs.

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(17) Commitments, Contingencies, and Concentrations - Continued

Medicaid and Medicaid Waiver Programs

A significant percentage of PARC's revenue resulted from reimbursement from Medicaid and related waiver programs. Laws and regulations governing these programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from Medicaid and related waiver programs. PARC believes that it is in compliance with all applicable laws.

Governmental funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations and governmental funding restrictions, all of which may materially affect a program reimbursement to providers. Changes in the reimbursement policies of the Medicaid program, as a result of legislative and regulatory actions, could adversely affect the revenues of PARC.

At both September 30, 2025 and 2024, the Organization has included a provision for any potential third-party payor liabilities in the amount of \$50,000. The effect of an adjustment, if any, resulting from future audits cannot be determined at this time and no provision above the reserve has been made for any such adjustment in the accompanying consolidated financial statements. Management's estimate of the provision is subject to a significant degree of uncertainty and actual third-party payor liabilities may differ from management's estimate in the near term.

Litigation

The Organization is periodically involved in litigation arising in the normal course of operations. After consultation with legal counsel, management has concluded that these matters will be resolved within the limits of insurance coverage and will not have a material adverse effect on the future financial position, results of operations, or cash flows of the Organization.

(18) Supplemental Cash Flow Disclosures

Cash paid for interest for the years ended September 30, 2025 and 2024 totaled approximately \$35,000 and \$32,000, respectively. Cash paid for income taxes for the years ended September 30, 2025 and 2024 totaled approximately \$0 and \$3,800, respectively.

(19) Liquidity and Availability of Resources

PARC is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and a revolving line of credit (described in Note 7).

PARC, INC. AND AFFILIATES

Notes to Consolidated Financial Statements - Continued

(19) Liquidity and Availability of Resources - Continued

As of September 30, 2025 and 2024, the Organization's financial assets available to meet general expenditures within one year were as follows:

	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,568,091	2,675,535
Investments	14,649,567	16,379,650
Accounts receivable, net	1,882,998	1,840,907
Grants and contracts receivable, net	920,695	502,516
Pledges receivable, net	304,439	315,789
Receivable from charitable remainder trusts	1,372,511	1,302,567
Beneficial interest in perpetual trusts	380,869	355,867
Assets whose use is limited	285,269	264,525
Total financial assets	21,364,439	23,637,356
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Internally-controlled endowments	(5,880,632)	(5,880,632)
Externally-controlled endowments	(424,871)	(398,477)
Contributions restricted to future periods	(1,328,509)	(1,259,957)
Unappropriated earnings from endowment	(2,503,288)	(2,168,064)
Partnership investment	(11,535)	(12,208)
Assets whose use is limited	(285,269)	(264,525)
Total contractual or donor-imposed restrictions	(10,434,104)	(9,983,863)
Board designations:		
Net assets designated for long-term purposes	(504,319)	(485,986)
Net assets designated for operating reserves	(2,239,529)	(4,471,317)
Total board designations	(2,743,848)	(4,957,303)
Financial assets available to meet general expenditures within one year	\$ 8,186,487	8,696,190

(20) Subsequent Events

The Organization has evaluated subsequent events through January 27, 2026, the date the consolidated financial statements were available for issuance.

SUPPLEMENTARY FINANCIAL INFORMATION

PARC, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2025

Federal Agency Pass-through Grantor/ Federal Program	Assistance Listing Number	Contract/ Grant Number	Current Year Expenditures	Transfers to Subrecipients
U.S. Department of Agriculture:				
Passed through from Florida Department of Health: Child and Adult Care Food Program	10.558	I-5107	\$ 72,464	-
Subtotal U.S. Department of Agriculture			72,464	-
U.S. Department of Housing and Urban Development:				
Passed through from City of St. Petersburg, Florida: CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants:	14.218	n/a		
Outstanding loan (BMH dated December 2017)			29,760	-
Outstanding loan (BMH dated December 2017)			78,987	-
Outstanding loan (Cottages dated December 2018)			167,242	-
Outstanding loan (Cottages dated December 2019)			73,000	-
Outstanding loan (Cottages dated December 2019)			154,037	-
Outstanding loan (Building 5 dated April 2021)			37,781	-
Outstanding loan (BMH dated February 2022)			218,741	-
Outstanding loan (Cottages dated February 2022)			164,047	-
Outstanding loan (Cottages dated December 2023)			113,649	-
Passed through from Pinellas County, Florida: CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants:	14.218	n/a		
Outstanding loan (Curry Villa dated March 2019)			249,245	-
Outstanding loan (Curry Villa solar panels dated October 2020)			47,875	-
Subtotal CDBG - Entitlement Grants Cluster			1,334,364	-
Subtotal U.S. Department of Housing and Urban Development			1,334,364	-
U.S. Department of Transportation:				
Passed through from State of Florida Department of Transportation Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	G3123	50,000	-
Subtotal U.S. Department of Transportation			50,000	-
U.S. Department of Health and Human Services:				
Passed through from Florida Agency for Persons with Disabilities: Social Services Block Grant	93.667	NCF03	35,657	-
Subtotal U.S. Department of Health and Human Services			35,657	-
Total expenditures of federal awards			\$ 1,492,485	-

(Continued)

PARC, INC. AND AFFILIATES

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2025

State Agency Pass-through Entity/ State Project	CSFA Number	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
State of Florida Department of Commerce				
Division of Housing and Community Development	40.038	HL239	\$ 525,219	-
Total State of Florida Department of Commerce			<u>525,219</u>	<u>-</u>
State of Florida Department of Education				
Local Governments and Nonstate Entities-Facility Repairs, Maintenance and Construction-Fixed Capital Outlay-Vocational Rehabilitation	48.201	52N-94130-3D001	1,500,000	-
Total State of Florida Department of Education			<u>1,500,000</u>	<u>-</u>
State of Florida Department of Transportation				
Passed through from the Pinellas Suncoast Transit Authority (PSTA) acting as the Community Transportation Coordinator (CTC): Florida Commission for the Transportation Disadvantaged (CTD) Trip and Equipment Grant Program	55.001	G2Z42 G3E15	155,819 59,972	- -
Total State of Florida Department of Transportation			<u>215,791</u>	<u>-</u>
State of Florida Agency for Persons with Disabilities				
PARC, Inc.	67.072	ACXY9	342,801	-
Total State of Florida Agency for Persons with Disabilities			<u>342,801</u>	<u>-</u>
Total Expenditures of State Financial Assistance			\$ <u>2,583,811</u>	<u>-</u>

PARC, INC. AND AFFILIATES

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2025

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of PARC, Inc. under programs of the federal government and state grant activity of the State of Florida for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the 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") and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of PARC, Inc., it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of PARC, Inc. and Affiliates. All federal and state awards passed through other government agencies are included in the accompanying Schedule.

(2) **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance and Chapter 10.650, wherein certain types of expenditures are not allowable or are limited as to reimbursement. PARC, Inc. has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) **Outstanding Community Development Block Grant Mortgage Balances**

The outstanding principal balances of federally funded Community Development Block Grant ("CDBG") mortgages which do not require repayment of principal or interest over the period of the related land use restriction agreements at the beginning of the year are included in federal expenditures in the Schedule. The balances of mortgages outstanding at September 30, 2025 consist of the following:

Outstanding loan (BMH dated December 2017)	\$	29,760
Outstanding loan (BMH dated December 2017)		78,987
Outstanding loan (Cottages dated December 2018)		167,242
Outstanding loan (Cottages dated December 2019)		73,000
Outstanding loan (Building 5 dated April 2021)		154,037
Outstanding loan (Building 5 dated April 2021)		37,781
Outstanding loan (BMH dated February 2022)		218,741
Outstanding loan (Cottages dated February 2022)		164,047
Outstanding loan (Curry Villa dated March 2019)		249,245
Outstanding loan (Curry Villa solar panels dated October 2020)		47,875
Outstanding loan (Cottages dated December 2023)		113,649
	\$	<u>1,334,364</u>

INTERNAL CONTROL AND COMPLIANCE

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
PARC, Inc. and Affiliates:

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, the consolidated financial statements of PARC, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of September 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, and have issued our report thereon dated January 27, 2026.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 material weaknesses 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 from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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.

CBIZ CPAs P.C.

January 27, 2026
St. Petersburg, Florida

Independent Auditors' Report on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the State of Florida Auditor General

The Board of Directors
PARC, Inc.:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited PARC, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on PARC, Inc.'s major federal programs and state projects for the year ended September 30, 2025. PARC, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; 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"); and Chapter 10.650, *Rules of the State of Florida Auditor General* ("Chapter 10.650"). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the Auditors' 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 and state projects. 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 and state projects.

Auditors' 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 to do with 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect a material noncompliance when it exists. The risk of not detecting a 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 and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, 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 and Chapter 10.650, 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 or state project on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or 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 or state project 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 or state project 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 Auditors' 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.

CBIZ CPAs P.C.

January 27, 2026
St. Petersburg, Florida

PARC, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs

Year Ended September 30, 2025

(A) Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of PARC, Inc. and Affiliates.
2. No significant deficiencies or material weaknesses relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of PARC, Inc. and Affiliates were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over compliance relating to the audit of the major federal programs and state projects are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*.
5. The auditors' report on compliance for the major federal program and state projects for PARC, Inc. expresses an unmodified opinion.
6. Audit findings, if any, relative to the major federal award program and state project for PARC, Inc. are reported in Part C and Part D of this schedule.
7. The program tested as a major federal program and project tested as a major state project were:
Federal Program
CDBG - Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants (AL No. 14.218)
State Project
Local Governments and Nonstate Entities-Facility Repairs, Maintenance and Construction-Fixed Capital Outlay-Vocational Rehabilitation Program (CSFA No 48.201)
8. The threshold for distinguishing Types A and B programs was \$1,000,000 and \$750,000 for major federal programs and major state projects, respectively.
9. PARC, Inc. was determined to be a low-risk auditee.

(B) Findings - Audit of Consolidated Financial Statements

None.

(C) Findings and Questioned Costs Relating to Federal Awards and State Financial Assistance

None.

PARC, INC. AND AFFILIATES

Schedule of Findings and Questioned Costs - Continued

(D) Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to a major federal program. Additionally, PARC, Inc. was not subject to audit requirements under Chapter 10.650 for the year ended September 30, 2024.



CBIZ CPAs P.C.

140 Fountain Parkway North
Suite 410
St. Petersburg, FL 33716

P: 727.572.1400

The Board of Directors
PARC, Inc.:

Report on Consolidated Financial Statements

We have audited the consolidated financial statements of PARC, Inc. as of and for the years ended September 30, 2025 and 2024 and have issued our report thereon dated January 27, 2026.

Auditors' Responsibility

We conducted our audits in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"), and Chapter 10.650, *Rules of the State of Florida Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' 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*, our Independent Auditors' Report on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 27, 2026, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), *Rules of the State of Florida Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not identify any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

CBIZ CPAs P.C.

January 27, 2026
St. Petersburg, Florida