



**Our Lady's Inn**

**MATERNITY HOMES**

FINANCIAL STATEMENTS

December 31, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Our Lady's Inn

### **Opinion**

We have audited the accompanying financial statements of Our Lady's Inn (the "Agency"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Our Lady's Inn as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Our Lady's Inn and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Prior Period Financial Statements**

The financial statements of Our Lady's Inn as of December 31, 2024, were audited by other auditors whose report dated March 25, 2025, expressed an unmodified opinion on those statements.



St. Louis, Missouri

March 24, 2026

Our Lady's Inn  
Statements of Financial Position  
December 31, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 700,881	\$ 509,556
Operating investments	355,811	67,271
Grants receivable	113,982	337,127
Other receivable	-	569,488
Pledge receivable	571,522	-
Prepaid and other current assets	24,398	18,319
Operating lease right-of-use asset	151,293	47,652
Property and equipment, net	3,271,305	2,892,019
Endowment investments	3,186,800	2,813,892
Cash held for residents	3,265	5,434
Total assets	\$ 8,379,257	\$ 7,260,758
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 26,841	\$ 90,839
Accrued expenses	138,015	135,623
Refundable advance	-	25,000
Operating lease liability	150,829	48,005
Funds owed to residents	3,015	4,909
Total liabilities	318,700	304,376
<b>Net assets</b>		
Without donor restrictions		
Undesignated	883,338	1,141,537
Board designated endowment	1,523,310	1,398,470
Investment in property and equipment, net	3,271,305	2,892,019
Total without donor restrictions	5,677,953	5,432,026
With donor restrictions	2,382,604	1,524,356
Total net assets	8,060,557	6,956,382
Total liabilities and net assets	\$ 8,379,257	\$ 7,260,758

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

Our Lady's Inn  
Statement of Activities  
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Government grants	\$ 707,517	\$ -	\$ 707,517
Contributions	1,657,256	151,197	1,808,453
In-kind contributions	169,092	-	169,092
Special events, net of direct expenses	331,024	-	331,024
Thrift shop	101,056	-	101,056
ERC interest revenue	88,067	-	88,067
Investment income, net	14,620	248,068	262,688
Other revenue	2,640	-	2,640
Board-designated release for operations	63,842	-	63,842
Net assets released from restriction	<u>112,539</u>	<u>(112,539)</u>	<u>-</u>
Total support and revenue	<u>3,247,653</u>	<u>286,726</u>	<u>3,534,379</u>
Functional expenses			
Program services	2,589,935	-	2,589,935
Management and general	382,724	-	382,724
Fundraising	<u>542,274</u>	<u>-</u>	<u>542,274</u>
Total functional expenses	<u>3,514,933</u>	<u>-</u>	<u>3,514,933</u>
Change in net assets from operations	<u>(267,280)</u>	<u>286,726</u>	<u>19,446</u>
Non-operating			
Insurance claim proceeds	103,093	-	103,093
Insurance claim expenses	(103,093)	-	(103,093)
Capital campaign contributions	388,187	571,522	959,709
Board-designated release for operations	(63,842)	-	(63,842)
Board-designated investment income, net	<u>188,862</u>	<u>-</u>	<u>188,862</u>
Total non-operating	<u>513,207</u>	<u>571,522</u>	<u>1,084,729</u>
Change in net assets	245,927	858,248	1,104,175
Net assets, beginning of year	<u>5,432,026</u>	<u>1,524,356</u>	<u>6,956,382</u>
Net assets, end of year	<u>\$ 5,677,953</u>	<u>\$ 2,382,604</u>	<u>\$ 8,060,557</u>

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

Our Lady's Inn  
Statement of Activities  
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Government grants	\$ 984,853	\$ -	\$ 984,853
Contributions	1,662,822	9,906	1,672,728
In-kind contributions	152,167	-	152,167
Special events, net of direct expenses	312,374	-	312,374
Thrift shop	102,230	-	102,230
Investment income, net	17,831	154,222	172,053
Other revenue	2,313	-	2,313
Board-designated release for operations	250,000	-	250,000
Net assets released from restriction	44,929	(44,929)	-
Total support and revenue	3,529,519	119,199	3,648,718
Functional expenses			
Program services	2,668,732	-	2,668,732
Management and general	418,425	-	418,425
Fundraising	459,707	-	459,707
Total functional expenses	3,546,864	-	3,546,864
Change in net assets from operations	(17,345)	119,199	101,854
Non-operating			
Capital campaign contributions	-	40,103	40,103
Board-designated release for operations	(250,000)	-	(250,000)
Board-designated investment income, net	163,475	-	163,475
Total non-operating	(86,525)	40,103	(46,422)
Change in net assets	(103,870)	159,302	55,432
Net assets, beginning of year	5,535,896	1,365,054	6,900,950
Net assets, end of year	\$ 5,432,026	\$ 1,524,356	\$ 6,956,382

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

Our Lady's Inn  
Statement of Functional Expenses  
For the Year Ended December 31, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses by function				
Salaries	\$ 1,626,023	\$ 258,650	\$ 329,110	\$ 2,213,783
Employee benefits and taxes	206,488	49,046	52,097	307,631
Assistance to clients	151,394	-	-	151,394
Food & beverage	38,321	68	905	39,294
Transportation	23,917	110	758	24,785
Facilities	363,591	14,383	23,851	401,825
Staff development	7,325	3,376	933	11,634
Office expenses	10,284	5,359	6,038	21,681
Professional fees	224	41,539	75,581	117,344
Insurance	74,571	3,887	5,152	83,610
Information technology & telecommunications	79,252	5,423	19,751	104,426
Public relations	4,933	309	27,848	33,090
Event expenses	956	-	67,708	68,664
Miscellaneous	<u>3,612</u>	<u>574</u>	<u>250</u>	<u>4,436</u>
Total expenses by function	2,590,891	382,724	609,982	3,583,597
Less: direct special event expenses	<u>(956)</u>	<u>-</u>	<u>(67,708)</u>	<u>(68,664)</u>
	<u>\$ 2,589,935</u>	<u>\$ 382,724</u>	<u>\$ 542,274</u>	<u>\$ 3,514,933</u>

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

Our Lady's Inn  
Statement of Functional Expenses  
For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses by function				
Salaries	\$ 1,670,742	\$ 246,244	\$ 330,534	\$ 2,247,520
Employee benefits and taxes	212,763	36,221	47,693	296,677
Assistance to clients	148,150	41	-	148,191
Food & beverage	33,521	1,659	541	35,721
Transportation	20,406	1,580	837	22,823
Facilities	404,688	16,453	21,919	443,060
Staff development	7,543	34,320	463	42,326
Office expenses	9,810	5,982	7,367	23,159
Professional fees	369	63,084	-	63,453
Insurance	68,310	3,267	4,290	75,867
Information technology & telecommunications	78,282	7,494	14,810	100,586
Public relations	5,559	610	30,953	37,122
Event expenses	189	94	70,839	71,122
Miscellaneous	8,589	1,470	300	10,359
Total expenses by function	<u>2,668,921</u>	<u>418,519</u>	<u>530,546</u>	<u>3,617,986</u>
Less: direct special event expenses	<u>(189)</u>	<u>(94)</u>	<u>(70,839)</u>	<u>(71,122)</u>
	<u>\$ 2,668,732</u>	<u>\$ 418,425</u>	<u>\$ 459,707</u>	<u>\$ 3,546,864</u>

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

Our Lady's Inn  
Statements of Cash Flows  
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 1,104,175	\$ 55,432
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	71,881	73,360
Gain on sale of assets	-	(100)
Realized and unrealized gain on investments	(323,054)	(199,222)
Reduction of right of use assets	(258,921)	(50,803)
Donated securities	(118,698)	(148,751)
Contributions restricted for capital campaign	(959,709)	(40,103)
Changes in operating assets and liabilities		
Other receivable	569,488	-
Grants receivable	223,145	(136,176)
Prepaid and other current assets	(6,079)	11,081
Accounts payable	(63,998)	5,225
Accrued expenses	2,392	19,797
Refundable advances	(25,000)	25,000
Funds owed to residents	(1,894)	(3,053)
Operating lease liabilities	258,104	50,412
Net cash provided by (used in) operating activities	<u>471,832</u>	<u>(337,901)</u>
Cash flows from investing activities		
Purchases of property and equipment	(451,167)	(1,492,952)
Proceeds from sale of property and equipment	-	100
Proceeds from sale of investments	442,538	2,088,760
Purchases of investments	(662,234)	(366,415)
Net cash provided by (used in) investing activities	<u>(670,863)</u>	<u>229,493</u>
Cash flows from financing activities		
Collection on capital campaign donations and pledges	388,187	40,103
Net cash provided by financing activities	<u>388,187</u>	<u>40,103</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	189,156	(68,305)
Cash, cash equivalents and restricted cash, beginning of year	<u>514,990</u>	<u>583,295</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 704,146</u>	<u>\$ 514,990</u>

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

Our Lady's Inn  
 Statements of Cash Flows  
 For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash, cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	\$ 700,881	\$ 509,556
Cash held for residents	3,265	5,434
	\$ 704,146	\$ 514,990

Supplemental schedule of noncash investing and financing activities

Assets obtained in exchange for an operating lease	\$ 155,280	\$ -
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The accompanying notes are an integral part of these financial statements.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

1. NATURE OF OPERATIONS

Our Lady's Inn (the "Agency" or "Inn") a not-for-profit corporation, provides shelter and individualized supportive services for homeless pregnant women and their children, with a focus on healthy birth outcomes, family wellness and movement toward housing stability. Services include case management, material supports, counseling, life skills education, parenting, employment readiness, mental health and substance use disorder treatment support as well as perinatal nursing support. In 2025, the Agency provided 12,579 days of care/nights of shelter and on-site services to 94 families. In the 2-year Aftercare Program, an additional 70 families were supported during the year.

In 2025, at the St. Louis Inn location, 6,265 nights of shelter/days of care were provided for a total of 50 women and 68 children. Ten babies were born in residence, with an average birth weight 6 lbs 4 oz and gestational age of 39 weeks. The average length of stay for those families moving from the Inn in 2025 was 85 days. The Inn received 278 unduplicated calls for help from pregnant women.

In 2025, at the St. Charles Inn location, 6,314 nights of shelter/days of care were provided to a total of 44 women and 66 children. Thirteen babies were born in residence with an average birth weight of 6 lbs 7 oz and gestational age of 38 weeks. The average length of stay for those families moving from the Inn in 2025 was 84 days. The Inn received 129 unduplicated calls for help from pregnant women.

Twice Blessed Resale Shop is operated by Our Lady's Inn as a social enterprise, providing a small revenue stream in support of the Inn, but more importantly, offering job training and work experience for those clients of the Inn who wish to participate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net asset classification

The financial statements are prepared to focus on the Agency as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This is accomplished by classifying net assets and current year transactions into two classes of net assets as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board designated endowment.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net asset classification (continued)

- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Agency or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restriction. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Contributions restricted for the acquisition or construction of property and equipment are reclassified to net assets without donor restrictions when the acquired or constructed property or equipment capital expenditures are incurred. If contributions restricted for the acquisition or construction of property and equipment are received and spent in the same period, these contributions are classified as net assets without donor restrictions in the year they are received.

Use of estimates

In preparing the Agency's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for cash and cash equivalents which are considered part of the investment portfolios.

Cash held for residents

Cash held for others represent the assets held by the Agency for residents in a fiduciary or custodial capacity. These assets belong to the residents and are not available to be used in the daily operations of the Agency. The amount owed to residents is recorded as a liability, reported as funds held for residents on the statements of financial position. As the Agency has no ownership interest in these assets and acts solely as a custodian, changes in these balances do not affect the Agency's revenues, expenses, or net assets.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal and most advantageous market for the asset or liability. Donated securities are recorded as a contribution at their fair value at the date of donation. See Note 6 for more information on fair value measurements.

Investment income is recognized when earned. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. The Agency reports investment return as increases or decreases in net assets without donor restrictions, unless the income is donor restricted. Investment income and gains, restricted by the donor, are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment income or gains are recognized.

Concentration of credit risks

The Agency maintains its cash balances at various financial institutions which provide insurance through the Federal Deposit Insurance Corporation. From time to time, cash balances may exceed Federal insurance limits. The Agency has not experienced any losses in the accounts with the financial institutions and believes it is not exposed to any significant credit risk on its cash.

The Agency has a significant amount of investments. Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with investments it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Grants receivable

Grants receivable are recognized as revenue in the period in which the conditional contribution becomes unconditional or when the barrier is overcome and the right of return or release no longer exists. Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Management has evaluated grants receivable and is of the opinion that no allowance for uncollectible grants receivable was necessary as of December 31, 2025 and 2024.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledge receivable

Pledge receivables are recognized as revenue in the period in which the unconditional pledge is made. Receivables are recorded at their net realizable value, with management evaluating probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable, and recoveries of previously written-off amounts are recognized when received. Management has evaluated pledge receivables and is of the opinion that no allowance for uncollectible pledge receivables was necessary as of December 31, 2025 and 2024.

Pledges expected to be collected in more than one year are discounted to their present value, with amortization of the discount recorded as additional contribution revenue, in accordance with any donor-imposed restrictions. Management evaluated the multi-year contributions receivable and determined that a discount to present value was not necessary; accordingly, no discount was recorded as of December 31, 2025 and 2024.

Property and equipment

Items capitalized as property and equipment are reported at cost or, if donated, at fair market value on the date of donation, and are shown net of accumulated depreciation and amortization. The costs of additions and betterments are capitalized when they exceed \$15,000, and expenditures for repairs and maintenance, which do not improve or extend the lives of the respective assets, are expensed when incurred. Leasehold improvements are capitalized and amortized over the lesser of the remaining length of the related lease or the estimated useful life of the asset. When items of property and equipment are sold or retired, the related costs and accumulated depreciation and amortization are removed from the accounts and any gain or loss is reported as gain or loss on disposal on the statement of activities.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and improvements	3-40 years
Furniture and fixtures	5-15 years
Automobiles	3-5 years

Impairments of long-lived assets

The Agency evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. In the opinion of management, no such impairment existed for the years ended December 31, 2025 and 2024.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Agency recognizes and measures its leases in accordance with Financial Accounting Standards Board ("FASB") ASC 842, Leases. The determination of whether an arrangement is a lease is made at the inception of the contract. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

For operating leases, the Agency recognizes a lease liability and a right-of-use ("ROU") asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its lease payments over the lease term. When the implicit lease rate is not provided, the Agency has elected to use a risk-free rate for a period comparable with that of the lease term in determining the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The Agency's lease terms may include options to extend or terminate the lease when it is reasonably certain the option will be exercised. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability, plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received and any impairment recognized. Operating lease expense is recognized on a straight-line basis over the lease term.

The Agency elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. The Agency has also elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

The Agency has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have an expected lease term of 12 months or less at lease commencement. The Agency recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

Operating versus non-operating activities

The Agency classifies revenues and expenses in the statement of activities as operating or nonoperating based on the nature of the underlying activities. Operating activities include revenues and expenses that are integral to the Agency's ongoing programs, services, and supporting functions. These generally consist of contributions without donor restrictions to support current operations, program service fees, grants used for day-to-day activities, and the related operating expenses incurred in carrying out mission-related programs and administrative functions.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating versus non-operating activities (continued)

The Agency's measure of operations includes all revenues and expenses that support ongoing programs and activities, including amounts appropriated from donor-restricted and board-designated endowment funds under the Agency's spending policy (see Note 7). Investment return distributed from the board-designated endowment to operations for the years ended December 31, 2025 and 2024 are \$63,842 and \$250,000, respectively. Investment return contributions included in operations for the years ended December 31, 2025, and 2024 are \$188,682 and \$163,475, respectively.

Non-operating activities include items that are not central to the Agency's core operating mission or that arise from events or decisions outside normal operating activities. These activities consist of insurance proceeds and related expenses, capital campaign contributions restricted for long-term or strategic capital purposes, and board-designated additions and releases resulting from internal decisions by the Board to set aside or reinstate funds for long-term or strategic use.

Management believes this presentation provides clarity regarding the financial results of ongoing operations compared with activities driven by capital, strategic, or unusual events.

Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions are considered conditional when a measurable barrier and a right of return or release exist. These contributions are not recognized as revenue until the barrier is overcome and the right of return or release no longer exists. If a barrier is satisfied in the same period the contribution is made, the conditional contribution is recorded as unconditional.

Exchange revenue is recognized when satisfaction of the performance obligation is met and consists of thrift shop sales. The performance obligation is met at a point in time when the transaction was completed. There were no contract assets or liabilities that existed as of December 31, 2025 and 2024.

Special events revenue is recorded equal to the fair value of direct benefits to donors, and contribution revenue for the difference. The fair value of the direct benefits to donors include ticket sales and sponsorships for events held by the Agency during the year. The ticket sales and sponsorships, included in special event revenue, are partially for an exchange in goods or services and partially a contribution. The contribution is recognized in accordance with Accounting Standards Codification ("ASC") 958, Presentation of Financial Statements of Not-for-Profit Entities, while the reciprocal piece is recognized under ASC 606 Revenue from Contracts with Customers, over the course of the event. The reciprocal piece of these transactions is not significant to the financial statements.

Our Lady's Inn  
Notes to Financial Statements  
December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Government grant revenue typically qualifies as conditional contributions and is recognized in the accounting period when the related qualifying expenses are incurred or required services are performed (i.e. measurable barrier is overcome). This revenue is mostly derived from cost-reimbursable or unit-cost contracts and is recognized when the measurable barrier is overcome in compliance with specific contract or grant provisions and the right of return or release no longer exists. Amounts received prior to recognizing as revenue are reported as refundable advances in the statement of financial position. Amounts received in advance under these contracts and grants were \$0 and \$25,000, for the years ended December 31, 2025 and 2024 respectively. The Agency was awarded grants of \$179,780 and \$276,058 that have not been recognized at December 31, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred.

Government assistance and other receivable

The Agency has received government assistance for an employee retention credit as a result of the COVID-19 pandemic. The Agency generally accounts for such government assistance by analogy to Financial Accounting Standards Board (FASB) ASC 958-605, Not-For-Profit Entities Revenue Recognition, and recognizes the assistance once it is confirmed that all conditions have been met (i.e. any related barriers have been overcome and a right of release/right of return no longer exists). These funds were recognized in other receivable on the statements of financial position as of December 31, 2024 and received in 2025.

Insurance proceeds

Insurance proceeds recorded in the statement of activities relate to storm damage that occurred during fiscal year 2025. The Agency received \$103,093 in insurance recoveries as of December 31, 2025 related to repair and restoration costs incurred as a result of the storm.

Storm-related expenditures totaled \$136,863 as of year-end. Of this amount, \$30,781 was capitalized, as management determined the expenditures met the criteria for capitalization under the Agency's capitalization policy. The remaining costs of \$103,093 were expensed on the statement of activities as these costs were incurred to return the asset to its original condition.

Insurance recoveries are recognized when realization is probable and the amount is reasonably estimable.

In-kind contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities. The financial statements do not reflect the value of certain volunteer services because they do not create or enhance non-financial assets or require specialized skills. Contributed professional services, which meet recognition criteria prescribed by generally accepted accounting principles, are recorded at the respective fair values of the services received.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind contributions (continued)

Donated goods or contributions of tangible assets are recognized at fair value when received. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specified purpose. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. Contributions of furniture, household goods and other items to the thrift shop are recognized as thrift shop revenue, on the statement of activities, when sold.

Functional allocation of expenses

The costs of providing the various programs and the supporting services have been summarized on a functional basis in the accompanying statement of activities and on a natural classification basis in the accompanying statement of functional expenses. The statement of functional expenses reports certain categories of expenses directly traceable to certain programs and expenses allocable to one or more program or supporting functions of the Agency. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Such expenses are allocated based on time and effort and include salaries and wages, employee benefits, payroll taxes, rent, repairs and maintenance, contracted services, depreciation, insurance, utilities, and telecommunications.

Income taxes

The Agency is organized and operated as a charitable entity under Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal income tax under Section 501(a), as well as applicable state provisions. The Agency files the required federal information returns, which are generally subject to examination by the Internal Revenue Service for three years after filing. The Agency follows the relevant FASB guidance on accounting for uncertain tax positions, and management is not aware of any uncertain tax positions related to its filings as of December 31, 2025 and 2024.

Reclassifications

Certain amounts on the 2024 financial statements have been reclassified, where appropriate, to conform to the financial statement presentation used in 2025. Changes in net assets are unchanged due to these reclassifications.

Subsequent events

In preparing these financial statements, the Agency has evaluated subsequent events through March 24, 2026, which is the date the financial statements were available to be issued and has reflected all events requiring adjustment or disclosure in the financial statements. No subsequent events occurred that would have a material impact on the presentation of the Agency's financial statements.

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3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action.

As of December 31, the following were financial assets available to meet cash needs for expenditures within one year:

	2025	2024
Cash and cash equivalents	\$ 700,881	\$ 509,556
Operating investments	355,811	67,271
Pledge receivable	571,522	-
Other receivable	-	569,488
Grants receivable	113,982	337,127
Endowment investments	3,186,800	2,813,892
	4,928,996	4,297,334
Contractual or donor-imposed restrictions:		
Perpetual in nature	(314,503)	(314,503)
Unappropriated endowment income	(1,348,987)	(1,100,919)
Restricted by donors for specific purpose	(687,210)	(104,869)
	(2,350,700)	(1,520,291)
Board designated endowment funds	(1,523,310)	(1,398,470)
	\$ 1,054,986	\$ 1,378,573

The Agency manages its liquidity by maintaining a minimum amount of cash and equivalents sufficient to cover approximately 2-3 months worth of operating expenses in various checking accounts. Any excess cash is invested with a short-term horizon and is available to support the Agency's current operations if needed. The Agency could also draw upon \$100,000 of an available line of credit as disclosed in Note 10 in the event of an unanticipated liquidity need.

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is available for general use, however, funds remain restricted until the Board appropriates them for expenditure. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment funds and unappropriated endowment income subtracted above are subject to the spending policy described in Note 7.

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4. PLEDGES AND GRANT RECEIVABLE

Unconditional pledges receivable consist of pledges received from various donors, and foundations for the ongoing capital campaign. Pledges receivable for the capital campaign are primarily intended to fund the new facility described in Note 5. The Agency distinguishes between pledges for each net asset category in accordance with donor-imposed restrictions.

Grant receivables are related to various operational funding agreements with federal, state, and local agencies.

Pledges and grants receivable on the statement of financial position, as of December 31, consisted of the following:

	2025	2024
Grants receivable	\$ 113,982	\$ 337,127
Pledge receivable	<u>571,522</u>	<u>-</u>
	<u>\$ 685,504</u>	<u>\$ 337,127</u>

Pledges receivable are expected to be collected in the following periods:

	2025	2024
Due in 2026	\$ 328,187	\$ -
Due in 2027	129,100	-
Due in 2028	56,500	-
Due in 2029	<u>57,735</u>	<u>-</u>
	<u>\$ 571,522</u>	<u>\$ -</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Building and improvements	\$ 2,005,735	\$ 1,951,373
Land	1,856,171	1,856,171
Automobiles	177,682	177,682
Furniture and equipment	128,635	128,635
Construction in progress	<u>619,473</u>	<u>222,668</u>
	4,787,696	4,336,529
Less: Accumulated depreciation	<u>(1,516,391)</u>	<u>(1,444,510)</u>
	<u>\$ 3,271,305</u>	<u>\$ 2,892,019</u>

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5. PROPERTY AND EQUIPMENT (continued)

Included in land is a property being held for future expansion and development of a new facility. The carrying amount of \$1,300,000 does not exceed the property's recoverable value. Construction in progress includes property additions and construction costs related to the expansion and development of the new facility that was not completed as of December 31, 2025. The project is expected to be completed in 2027.

Depreciation and amortization expense for property and equipment amounted to \$71,881 and \$73,360 for the years ended December 31, 2025 and 2024.

6. FAIR VALUE MEASUREMENT

The framework for measuring fair value (ASC 820) provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under ASC 820 are described below.

Fair value measurements

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

*Level 2* - Inputs to the valuation methodology include:

- a) Quoted prices for similar assets or liabilities in active markets
- b) Quoted prices for identical or similar assets or liabilities in inactive markets
- c) Inputs other than quoted prices that are observable for the asset or liability;
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in the methodologies used at December 31, 2025 and 2024.

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6. FAIR VALUE MEASUREMENT (continued)

Mutual funds and ETFs are valued at their daily closing prices as reported by the respective funds or national exchanges. The mutual funds held by the Agency are open-end investment companies registered with the Securities and Exchange Commission and are required to publish their daily net asset value ("NAV") and transact at that price. ETFs are valued based on quoted market prices on active exchanges. Both the mutual funds and ETFs held by the Agency are classified as Level 1 within the fair value hierarchy as they are deemed to be actively traded with readily observable market prices.

Money market funds are measured at amortized cost, as permitted under ASC 820, and are designed to maintain a stable net asset value (NAV) of \$1 per share. Because these funds transact at \$1 per share and the amortized-cost basis is used as a practical expedient to estimate fair value, management has determined that the carrying value reasonably approximates fair value.

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

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Operating investments				
Money market funds	\$ -	\$ 65,799	\$ -	\$ 65,799
Mutual and exchange traded funds	<u>290,012</u>	<u>-</u>	<u>-</u>	<u>290,012</u>
	<u>290,012</u>	<u>65,799</u>	<u>-</u>	<u>355,811</u>
Endowment investments				
Money market funds	-	14,499	-	14,499
Mutual and exchange traded investments	<u>3,172,301</u>	<u>-</u>	<u>-</u>	<u>3,172,301</u>
	<u>3,172,301</u>	<u>14,499</u>	<u>-</u>	<u>3,186,800</u>
	<u>\$ 3,462,313</u>	<u>\$ 80,298</u>	<u>\$ -</u>	<u>\$ 3,542,611</u>

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6. FAIR VALUE MEASUREMENT (continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Operating investments				
Money market funds	\$ -	\$ 67,271	\$ -	\$ 67,271
Endowment investments				
Money market funds	-	15,369	-	15,369
Mutual and exchange traded funds	<u>2,798,523</u>	<u>-</u>	<u>-</u>	<u>2,798,523</u>
	<u>2,798,523</u>	<u>15,369</u>	<u>-</u>	<u>2,813,892</u>
	<u>\$ 2,798,523</u>	<u>\$ 82,640</u>	<u>\$ -</u>	<u>\$ 2,881,163</u>

7. ENDOWMENT

The Agency's endowment consists of several individual funds established for a variety of purposes. Its endowment includes donor-restricted and board designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Agency's Board of Directors has interpreted Missouri Uniform Prudent Management of Institutional Funds Act (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 Agency classifies as net assets with donor restrictions that are subject to donor stipulations that they be maintained 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA.

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7. ENDOWMENT (continued)

Interpretation of relevant law (continued)

In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Agency
- (7) The investment policies of the Agency

Endowment management

The Agency 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 the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the Agency diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Agency to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025 and 2024.

Investment

To satisfy its long-term rate of return objectives, the Agency 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 Agency targets a diversified asset allocation that is in line with the risk and return objectives. The Agency is currently in the position of growing the donor-restricted endowment fund and does not anticipate distributing any funds until the donor-restricted endowment balance reaches a level that the Board determines is sufficient unless an emergency situation should arise that would make a distribution necessary.

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7. ENDOWMENT (continued)

Investment (continued)

The following asset allocation parameters have been identified as appropriate in order to meet the long-term investment goals of the endowment:

	Minimum	Maximum
Equity	50 %	70 %
Fixed income	30 %	50 %
Cash	- %	5 %

The Agency will take action to rebalance the portfolio if the asset allocation moves outside the target ranges or when there is a significant cash in/outflow.

Spending policy

The Agency's current target spending policy for the endowment is set at 3% of the 5-year rolling average market value of the total endowment and board designated endowment assets, excluding the original donor restricted amount and amounts required to be maintained in perpetuity by the donor and any funds set aside by the Board for a capital campaign. This target shall not exceed 4.5% of the 5-year rolling average market value.

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,523,310	\$ -	\$ 1,523,310
Donor restricted endowment funds:			
Original amount required to be maintained in perpetuity by donor	-	314,503	314,503
Accumulated investment income	-	1,348,987	1,348,987
	-	1,663,490	1,663,490
	\$ 1,523,310	\$ 1,663,490	\$ 3,186,800

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7. ENDOWMENT (continued)

Endowment composition (continued)

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,398,470	\$ -	\$ 1,398,470
Donor restricted endowment funds:			
Original amount required to be maintained in perpetuity by donor	-	314,503	314,503
Accumulated investment income	<u>-</u>	<u>1,100,919</u>	<u>1,100,919</u>
	<u>-</u>	<u>1,415,422</u>	<u>1,415,422</u>
	<u>\$ 1,398,470</u>	<u>\$ 1,415,422</u>	<u>\$ 2,813,892</u>

Changes in endowment net assets for the fiscal year ended December 31, 2025 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2024	\$ 1,398,470	\$ 1,415,422	\$ 2,813,892
Investment return			
Interest and dividends	54,034	61,766	115,800
Net realized and unrealized gains	134,648	186,302	320,950
Distributions from board designated endowment	<u>(63,842)</u>	<u>-</u>	<u>(63,842)</u>
Balance, December 31, 2025	<u>\$ 1,523,310</u>	<u>\$ 1,663,490</u>	<u>\$ 3,186,800</u>

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7. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2023	\$ 1,484,995	\$ 1,261,200	\$ 2,746,195
Investment return			
Investment income	61,340	55,639	116,979
Net realized and unrealized gains	102,135	98,583	200,718
Distributions from board designated endowment	(250,000)	-	(250,000)
Balance, December 31, 2024	\$ 1,398,470	\$ 1,415,422	\$ 2,813,892

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2025	2024
Purpose restricted:		
Sober living program	\$ 25,000	\$ 25,000
Client support and other	120,105	79,869
Capital campaign	542,105	-
	687,210	104,869
Time restricted:		
Building use	2,487	4,065
Capital campaign	29,417	-
	31,904	4,065
Subject to appropriation by the Board of Directors:		
Unappropriated endowment income	1,348,987	1,100,919
Not subject to spending policy or appropriation:		
Donor-restricted endowment funds	314,503	314,503
	\$ 2,382,604	\$ 1,524,356

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8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions		
Sober living program	\$ 25,000	\$ 20,000
Security upgrades	-	9,000
St. Louis plumbing	-	5,000
Client support and other	<u>85,962</u>	<u>9,352</u>
	<u>110,962</u>	<u>43,352</u>
 Expiration of time restrictions		
Building use	<u>1,577</u>	<u>1,577</u>
	<u>1,577</u>	<u>1,577</u>
	<u>\$ 112,539</u>	<u>\$ 44,929</u>

9. LEASES

The Agency has a lease agreement for its administrative headquarters and aftercare center. The lease commenced on December 1, 2022 and ended November 30, 2025. The lease provides for a monthly base rent of \$4,312 through October 31, 2023, and \$4,451 for the remaining term of the lease. The Agency renewed the lease agreement effective December 1, 2025. The renewed lease commenced on December 1, 2025 and ends November 30, 2028. The lease provides for a monthly base rent of \$4,451 through November 30, 2026, \$4,540 through November 30, 2027, and \$4,677 for the remaining term of the lease.

The following summarizes the line items on the statements of financial position as of December 31:

	<u>2025</u>	<u>2024</u>
Operating leases		
Operating lease right-of-use assets	<u>\$ 151,293</u>	<u>\$ 47,652</u>
 Operating leases		
Operating lease liabilities, current	\$ 49,086	\$ 48,005
Operating lease liabilities, noncurrent	<u>101,743</u>	<u>-</u>
	<u>\$ 150,829</u>	<u>\$ 48,005</u>

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9. LEASES (continued)

The following summarizes the line items on the statement of activities for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating leases, included in facilities	\$ 60,090	\$ 60,525
Short-term lease expense, included in facilities	<u>6,717</u>	<u>8,005</u>
	<u>\$ 66,807</u>	<u>\$ 68,530</u>

The following summarizes the cash flow information related to operating leases for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 51,693	\$ 50,412
Lease assets obtained in exchange for lease obligations:		
Operating leases	<u>155,280</u>	<u>-</u>
	<u>155,280</u>	<u>-</u>
	<u>\$ 206,973</u>	<u>\$ 50,412</u>

The following summarizes the weighted average remaining lease term and discount rate for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term in months:		
Operating leases	35.11	11.0
Weighted average discount rate		
Operating leases	3.55%	3.98%

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9. LEASES (continued)

The maturities of lease liabilities as of December 31, 2025 were as follows:

<u>Year ending December 31,</u>	
2026	\$ 53,505
2027	54,621
2028	<u>51,443</u>
	159,569
Less: interest	<u>(8,740)</u>
Present value of lease liabilities	<u>\$ 150,829</u>

10. LINE OF CREDIT

The Agency had a \$50,000 line of credit agreement with a financial institution that matured on March 30, 2025. This line of credit was renewed for \$100,000 and matures on March 30, 2027. The line of credit is unsecured and any outstanding balances accrue interest at .50% over the prime rate, with a minimum 5.5% and maximum 9.0% interest rate. The effective rate was 7.25% at December 31, 2025 and 9.0% at December 31, 2024. No funds were drawn on the line of credit during the years ended December 31, 2025 and 2024.

11. IN-KIND CONTRIBUTIONS

The Agency receives contributed non-financial assets and services, which would have to be purchased if not provided by donation. Contributed services are recognized in the financial statements if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions. Contributed non-financial assets and services are recorded at the estimated fair value at the date of the contribution.

The Agency received the following in-kind donations for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Food, clothing and supplies	\$ 160,843	\$ 150,137
Counseling, medical and educational services	7,759	653
Other	<u>490</u>	<u>1,377</u>
	<u>\$ 169,092</u>	<u>\$ 152,167</u>

Contributed food, clothing and supplies were utilized by the Agency's residential and aftercare program as well as for fundraising events. The Agency's estimated fair value is based on the estimated value that it would cost the Agency to purchase a similar item from a local or online retailer.

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11. IN-KIND CONTRIBUTIONS (continued)

Counseling, medical, and educational services, as well as other contributed services, were also utilized by the Agency's residential and aftercare program. The Agency's estimated fair value is based on an hourly rate from purchasing similar services ranging from \$12 to \$20 per hour.

12. BENEFIT PLAN

The Agency adopted a 403(b) tax sheltered annuity plan (the Plan) which covers employees after an initial period of service that meet the eligibility criteria. Participants may defer up to the maximum allowable under current Internal Revenue Service regulations. The Agency has discretion to make matching contributions equal to a uniform percentage or dollar amount each year. Eligible employees are fully vested in the Agency's matching contribution. Plan expense was \$26,941 and \$29,306 for the years ended December 31, 2025 and 2024, respectively.

13. EMPLOYEE RETENTION TAX CREDITS

The Employee Retention Tax Credit ("ERC"), a refundable tax credit against certain employment taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and was subsequently amended through additional legislation. The tax credit is equal to 50% of the qualified wages, up to \$10,000 per employee, that an employer whose business had been financially impacted by COVID-19 paid to employees after March 12, 2020 and before January 1, 2022.

The Agency determined it was eligible to file for the ERC and calculated a total ERC of \$569,488 for the wages paid during the periods ending December 31, 2020 and December 31, 2021. As the Agency "substantially met" the program's eligibility conditions, the Agency recognized income for the ERC during the year ended December 31, 2023. As of December 31, 2025, the Agency received the ERC funds together with interest totaling \$88,067. The interest portion has been recorded as ERC interest revenue on the statement of activities.

The ERC program is subject to inspection and audit by the IRS. The purpose of such audits is to determine whether entities met eligibility requirements under the program and that funds were used in accordance with guidelines and regulations. While management believes the Agency met the ERC requirements, it is possible that ERC funds recognized could ultimately be disallowed. The ultimate liability, if any, which may result from a governmental audit cannot be reasonably estimated and, accordingly, no provision for the possible disallowance of ERC funds has been recorded on the Agency's financial statements.