

GATEWAY WOODS FAMILY SERVICES, INC.
AND SUBSIDIARY

June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Gateway Woods Family Services, Inc.
Leo, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Gateway Woods Family Services, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gateway Woods Family Services, Inc. and subsidiary as of June 30, 2025 and 2024, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gateway Woods Family Services, Inc. and subsidiary 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 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 the 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 Gateway Woods Family Services, Inc. ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Gateway Woods Family Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gateway Woods Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Bashore Reineck Stoller & Waterman Inc

BASHORE REINECK STOLLER & WATERMAN INC

Van Wert, Ohio
November 11, 2025

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 447,893	\$ 454,903
Program service fee receivables, less allowance for credit losses of \$2,500 for 2025 and 2024	694,154	637,165
Employee loans receivables	40,132	61,181
Other receivables	6,798	8,746
Inventories and prepaid expenses	51,929	41,399
Total current assets	1,240,906	1,203,394
Property and equipment		
Equipment	191,709	191,709
Vehicles	512,596	447,858
Total property and equipment cost	704,305	639,567
Less accumulated depreciation	(552,773)	(494,285)
Net property and equipment	151,532	145,282
Other assets		
Other receivables	981	3,497
Total assets	\$ 1,393,419	\$ 1,352,173
LIABILITIES		
Current liabilities		
Accounts payable	\$ 42,077	\$ 39,093
Accrued vacation	129,933	108,234
Accrued pension contributions	59,845	48,573
Total current liabilities	231,855	195,900
NET ASSETS		
Without donor restrictions	1,161,564	1,156,273
Total liabilities and net assets	\$ 1,393,419	\$ 1,352,173

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

	2025			2024		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
For the years ended June 30						
Support and revenue						
Program revenue	\$ 4,127,024	\$ 0	\$ 4,127,024	\$ 3,434,653	\$ 0	\$ 3,434,653
Contributions received	1,129,814	131,295	1,261,109	1,120,000	131,250	1,251,250
Rent income	0	0	0	200	0	200
Interest income	17,758	0	17,758	31,685	0	31,685
Other income	51,305	0	51,305	591,770	0	591,770
	5,325,901	131,295	5,457,196	5,178,308	131,250	5,309,558
Net assets released from restrictions due to satisfaction of program requirements	131,295	(131,295)	0	131,250	(131,250)	0
Total support and revenue	5,457,196	0	5,457,196	5,309,558	0	5,309,558
Expenses						
Program expenses						
Residential & Counseling	2,267,369	0	2,267,369	1,922,296	0	1,922,296
Foster care	888,702	0	888,702	793,223	0	793,223
Professional Foster care	463	0	463	265,204	0	265,204
On-ground school services	711,831	0	711,831	675,297	0	675,297
Adoption, IN	230,185	0	230,185	218,464	0	218,464
Adoption, IL	138,281	0	138,281	118,264	0	118,264
Gateway Farms	210,198	0	210,198	227,762	0	227,762
LARC (Linking to Attain Responsibility & Community)	292,272	0	292,272	355,906	0	355,906
Willowbridge	388,276	0	388,276	319,759	0	319,759
Total program expenses	5,127,577	0	5,127,577	4,896,175	0	4,896,175
Supporting services						
Management and general	211,082	0	211,082	219,989	0	219,989
Public relations	113,246	0	113,246	103,008	0	103,008
Total expenses	5,451,905	0	5,451,905	5,219,172	0	5,219,172
Change in net assets	5,291	0	5,291	90,386	0	90,386
Net assets at beginning of year	1,156,273	0	1,156,273	1,065,887	0	1,065,887
Net assets at the end of year	\$ 1,161,564	\$ 0	\$ 1,161,564	\$ 1,156,273	\$ 0	\$ 1,156,273

4 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	Program Services									Supporting Services		
	Residential & Counseling	Foster Care	Professional Foster Care	On-Ground School Services	Adoptions IN & IL	Willowbridge	LARC	Gateway Farms	Total Program Services	Management & General	Public Relations	Total Expenses
For the year ended June 30, 2025												
Salaries	\$ 1,013,327	\$ 328,153	\$ 0	\$ 400,682	\$ 208,252	\$ 157,245	\$ 172,914	\$ 118,461	\$ 2,399,034	\$ 93,241	\$ 29,144	\$ 2,521,419
Payroll tax	69,981	23,448	0	28,690	14,836	11,322	11,446	8,178	167,901	11,136	6,661	185,698
Fringe benefits	295,277	75,517	463	75,713	44,147	42,894	37,440	27,822	599,273	26,922	16,751	642,946
Total salaries and related expenses	1,378,585	427,118	463	505,085	267,235	211,461	221,800	154,461	3,166,208	131,299	52,556	3,350,063
Foster parent fees	0	345,316	0	0	0	0	0	0	345,316	0	0	345,316
Supplies and equipment	42,510	7,927	0	16,139	4,473	11,951	6,722	17,772	107,494	3,813	4,564	115,871
In-Kind expense	20,239	0	0	0	0	0	0	0	20,239	0	0	20,239
Food	105,174	5,055	0	1,377	2,492	20,458	14,210	390	149,156	6,252	4,372	159,780
Utilities	91,141	4,894	0	32,337	7,223	27,746	3,589	2,735	169,665	2,387	3,176	175,228
Repairs and Maintenance	55,301	13,809	0	35,879	11,657	11,426	7,287	4,731	140,090	9,408	8,288	157,786
Vehicle operations	22,167	10,660	0	3,392	10,915	14,058	11,813	1,691	74,696	2,562	3,984	81,242
Children and family services	15,593	380	0	30	0	684	939	16,430	34,056	0	0	34,056
Services to families	28,482	545	0	4	5,182	0	531	0	34,744	113	0	34,857
Recreation	8,236	0	0	0	0	2,013	665	0	10,914	0	0	10,914
Staff development	27,232	15,371	0	3,163	8,478	6,781	989	765	62,779	11,002	1,650	75,431
Hiring/licensing cost	19,529	9,497	0	1,842	2,138	652	898	510	35,066	333	150	35,549
Education	1,334	0	0	4,642	0	0	0	0	5,976	0	0	5,976
Clothing	3,516	0	0	0	0	112	73	0	3,701	0	0	3,701
Medical	17,110	0	0	19	0	79	22	0	17,230	22	0	17,252
General insurance	53,791	7,638	0	16,103	5,105	9,354	4,154	3,020	99,165	2,052	4,565	105,782
Public relations and advertising	7,864	14,390	0	2,720	22,521	1,397	791	563	50,246	2,297	980	53,523
Administration	11,388	5,290	0	5,428	5,330	1,055	2,441	335	31,267	38,638	4,508	74,413
Rent	334,773	12,116	0	78,773	14,040	65,948	8,408	295	514,353	787	15,094	530,234
Miscellaneous	5,653	0	0	0	0	0	0	520	6,173	0	25	6,198
Total expenses before depreciation	2,249,618	880,006	463	706,933	366,789	385,175	285,332	204,218	5,078,534	210,965	103,912	5,393,411
Depreciation of property and equipment	17,751	8,696	0	4,898	1,677	3,101	6,940	5,980	49,043	117	9,334	58,494
Total expenses	\$ 2,267,369	\$ 888,702	\$ 463	\$ 711,831	\$ 368,466	\$ 388,276	\$ 292,272	\$ 210,198	\$ 5,127,577	\$ 211,082	\$ 113,246	\$ 5,451,905

5 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	Program Services									Supporting Services		
	Residential & Counseling	Foster Care	Professional Foster Care	On-Ground School Services	Adoptions IN & IL	Willowbridge	LARC	Gateway Farms	Total Program Services	Management & General	Public Relations	Total Expenses
For the year ended June 30, 2024												
Salaries	\$ 864,460	\$ 304,704	\$ 111,483	\$ 377,887	\$ 200,221	\$ 122,042	\$ 219,971	\$ 136,391	\$ 2,337,159	\$ 112,908	\$ 27,327	\$ 2,477,394
Payroll tax	61,984	21,684	8,184	28,260	14,074	8,968	16,223	8,077	167,454	11,236	7,453	186,143
Fringe benefits	241,663	75,383	47,981	79,083	35,052	37,775	52,566	28,731	598,234	28,897	17,406	644,537
Total salaries and related expenses	1,168,107	401,771	167,648	485,230	249,347	168,785	288,760	173,199	3,102,847	153,041	52,186	3,308,074
Foster parent fees	0	307,506	0	0	(1,896)	0	0	0	305,610	0	0	305,610
Supplies and equipment	46,292	3,765	5,697	13,385	5,495	7,366	4,717	13,995	100,712	1,517	3,487	105,716
In-Kind expense	17,479	0	3,751	0	0	0	0	0	21,230	0	0	21,230
Food	73,719	2,757	15,738	1,823	1,588	17,604	17,221	70	130,520	6,232	6,004	142,756
Utilities	72,435	4,614	11,202	30,229	7,078	23,950	3,727	2,601	155,836	2,634	3,023	161,493
Repairs and Maintenance	60,379	12,728	6,691	24,999	10,560	7,921	7,674	5,593	136,545	5,136	7,510	149,191
Vehicle operations	17,726	9,151	1,648	3,986	5,988	4,230	9,475	3,002	55,206	554	1,888	57,648
Children and family services	15,102	295	1,998	78	0	666	171	11,961	30,271	0	0	30,271
Services to families	9,090	23	540	0	8	0	0	0	9,661	0	0	9,661
Recreation	8,513	11	1,001	0	0	1,363	500	0	11,388	0	0	11,388
Staff development	19,960	5,834	2,754	1,620	3,878	7,245	2,382	1,290	44,963	15,444	1,121	61,528
Hiring/licensing cost	10,270	7,625	1,254	1,954	5,978	476	242	553	28,352	2,331	221	30,904
Education	0	0	0	6,697	0	0	0	0	6,697	0	0	6,697
Clothing	3,387	0	402	0	0	0	0	519	4,308	0	0	4,308
Medical	20,053	0	52	0	0	38	0	0	20,143	0	0	20,143
General insurance	40,440	5,574	7,229	12,620	3,375	7,487	3,518	1,809	82,052	1,594	3,717	87,363
Public relations and advertising	10,704	7,143	1,355	3,648	16,161	1,777	2,838	1,314	44,940	4,241	1,889	51,070
Administration	8,858	3,839	730	5,818	14,637	1,042	2,979	645	38,548	26,258	4,820	69,626
Rent	299,656	9,729	34,865	78,487	12,719	65,715	6,357	247	507,775	798	8,159	516,732
Miscellaneous	6,474	0	569	0	0	0	398	4,207	11,648	0	3,353	15,001
Total expenses before depreciation	1,908,644	782,365	265,124	670,574	334,916	315,665	350,959	221,005	4,849,252	219,780	97,378	5,166,410
Depreciation of property and equipment	13,652	10,858	80	4,723	1,812	4,094	4,947	6,757	46,923	209	5,630	52,762
Total expenses	\$ 1,922,296	\$ 793,223	\$ 265,204	\$ 675,297	\$ 336,728	\$ 319,759	\$ 355,906	\$ 227,762	\$ 4,896,175	\$ 219,989	\$ 103,008	\$ 5,219,172

6 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ending June 30	2025	2024
Cash flows from operating activities		
Program per diem and contribution income received	\$ 5,349,601	\$ 4,559,858
Interest received	17,758	31,685
Other income received	25,947	590,620
Cash paid to suppliers and employees	(5,367,986)	(5,181,818)
Net cash provided (used) by operating activities	25,320	345
Cash flows from investing activities		
Payments for purchases of property and equipment	(39,930)	(34,378)
Proceeds from sale of property and equipment	7,600	1,150
Net cash used by investing activities	(32,330)	(33,228)
Increase (decrease) in cash and cash equivalents	(7,010)	(32,883)
Beginning cash and cash equivalents	454,903	487,786
Ending cash and cash equivalents	\$ 447,893	\$ 454,903
Supplemental information:		
Non-cash operating and investing activity		
Gifts of property and equipment	\$ 24,814	\$ 21,075

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 5,291	\$ 90,386
Adjustments to reconcile change in net assets to net cash flows		
from operating activities:		
Proceeds from sale of assets	(7,600)	(1,150)
Non-cash contribution of equipment and building	(24,814)	(21,075)
Depreciation	58,494	52,762
(Increase) decrease in assets:		
Accounts, grant and employee receivables	(31,476)	(105,170)
Inventories and deposits	(10,530)	(5,169)
Increase (decrease) in liabilities:		
Accounts payable	2,984	7,394
Accrued expenses	32,971	(17,633)
Net cash provided by operating activities	\$ 25,320	\$ 345

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

1. Summary of Significant Accounting Policies

Nature of Activities - Gateway Woods Family Services, Inc. was incorporated in 2010 as a nonprofit corporation under the auspices of, and as an outreach of, the Apostolic Christian Church of America, Inc. as a supporting organization of Apostolic Christian Children's Home, Inc. Its purpose is to provide treatment services for emotionally troubled children and families placed or referred by public agencies and private families primarily from Indiana, Illinois, and Ohio.

Gateway Woods Family Services, Inc. actively manages a caring treatment community in Leo, Indiana that offers high quality, comprehensive programs through a continuum of care and treatment, including group home residential treatment including on-ground educational services, day treatment, foster care, older youth transitional living services, adoption services and an on-campus agricultural work program.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statement by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Basis of Accounting - Gateway Woods Family Services, Inc. prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Principles of Consolidation - During the year ended June 30, 2014 the Organization formed a single member Illinois Limited Liability Company, Gateway Woods Family Services Illinois, LLC to provide adoption program services in the state of Illinois. The financial statements are a consolidation of both entities. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition - The Organization recognizes revenue in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606).

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

1. Summary of Significant Accounting Policies - (Continued)

Revenue Recognition - (Continued) This topic requires entities to recognize revenue when the transfer of goods and services to customers occurs in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization's income is primarily from contribution revenue and short-term services including foster care and group home billed by bed days. There is no revenue from goods or services transferred to customers recognized over time.

Revenue derived from the rendering of short-term services (the performance obligation) is recognized when: the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Organization; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. In summary, the rendering of short-term services contains a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer.

The opening and closing balance of receivables are listed on the consolidated statement of the financial position as of June 30, 2025 and 2024. A contract liability is recognized when a customer prepays consideration or owes prepayment to the Organization according to a contract. A contract asset is recognized when an entity has satisfied a performance obligation but cannot recognize a receivable until fulfilling other obligations. There are no contract assets or liabilities from contracts with customers as of June 30, 2025 and 2024.

Fair Values of Financial Instruments – Financial instruments, none of which are held for trading purposes, include cash and cash equivalents, program service fee and other receivables, and accounts payable. The Organization estimates that the fair value of all financial instruments at June 30, 2025 and 2024 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by Gateway Woods Family Services, Inc. using quoted market prices and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The cash and cash equivalents are carried in the current assets on the statement of financial position.

Program Service Fees and Related Receivables – Gateway Woods Family Services, Inc. receives client fees for billable client services from parents and various local and state governmental agencies.

Net service revenue is reported at estimated net realizable amounts from clients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Management reviews accounts on an annual basis for individual accounts that might require an allowance due to doubtful collectability. Accounts are written off only after management has exhausted all reasonable possibilities for collection.

Gateway Woods Family Services, Inc. provides an allowance for credit losses which is based on management's case-by-case estimate of losses that will be incurred in the collection of all receivables. Accounts receivable are recorded net of an allowance for credit losses of \$2,500 at June 30, 2025 and 2024. Outstanding net accounts receivable greater than 90 days were \$8,964 and \$12,243 at June 30, 2025 and 2024, respectively. The accounts receivable balance is not secured by collateral nor do past due accounts accrue finance charges. Other receivables consist of amounts owed by former employees for education expenses paid by the Organization. When an employee leaves the Organization they become responsible for repaying all outstanding educational loans. These former employee loans are listed as both current and noncurrent other receivables. No interest is charged on these outstanding balances.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

1. Summary of Significant Accounting Policies - (Continued)

Accounting Standard Codification 326, Credit losses (ASC 326) - In fiscal year 2024, the Organization adopted the credit loss standards required by ASC 326. When a business relationship with a customer is initiated, the Organization evaluates the collectability from the customer and is continually monitored as products and services are provided. The Organization has a credit rating system based on internally developed standards. The Organization's credit rating system, along with monitoring for delinquent payments, allows the Organization to make decisions as to whether collectability is probable at the on-set of the relationship and subsequently as the Organization offers products and services. Factors considered during this process include historical payment trends, industry risk, liquidity of the customer, years in business, judgements, liens, and bankruptcies. Payment terms vary by contract type, although terms generally include a required payment within 15 to 90 days. Receivables over 90 days are 1.35% of total receivables reported on the Consolidated Statements of Financial Position, as of June 30, 2025.

Contributions – Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. There were no unconditional or conditional promises to give as of June 30, 2025 and 2024. All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. Gateway Woods Family Services, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Non-cash Contributions – Donated equipment, materials and services are reflected as contributions and related expense/acquisitions in the accompanying statements at their estimated fair market values as of the date of receipt. The Organization received donations of materials and services for the years ended June 30, 2025 and 2024, totaling \$20,239 and \$21,230, respectively. In addition, Gateway Woods Family Services, Inc. received \$24,814 and \$21,075 of fixed assets which were recorded under vehicles on the Consolidated Statements of Financial Position for the years ended June 30, 2025 and 2024, respectively. Many unskilled volunteers contribute their time to Gateway Woods Family Services, Inc. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Inventories – Inventories of supplies are stated at approximate cost using the first-in first-out method of determining cost. Food is expensed when purchased.

Investments in Property and Equipment and Depreciation – Equipment and vehicles are stated at cost, or, if donated, at fair value of the date of the gift. Items with a cost or value of \$5,000 or more and a useful life of more than one year are capitalized for the years ended June 30, 2025 and 2024, respectively; otherwise, items are directly recorded as repairs or other types of expense. Depreciation expense was \$58,494 and \$52,762 for the years ended June 30, 2025 and 2024, respectively. Provisions for depreciation are computed on the straight-line basis over the estimated useful lives of the assets (5 to 40 years). In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

Impairment of Long-Lived Assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As of June 30, 2025 and 2024, there were no impairment losses recognized for long-lived assets.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

1. Summary of Significant Accounting Policies - (Continued)

Taxes Assessed on Revenue-Producing Transactions – The Organization is operating as a not-for-profit corporation. As such, taxes such as sales tax are not collected on revenue producing transactions as long as the transactions are in the ordinary course of the exempt status of the Organization.

Income Taxes – Gateway Woods Family Services, Inc. is a nonprofit voluntary health and welfare organization, exempt from income tax under Sections 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a Type 2 Supporting Organization under Section 509(a)(3) of the Internal Revenue Code.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Public Relations and Advertising – Gateway Woods Family Services, Inc. expenses public relations and advertising costs as they are incurred and communication costs the first time they take place. Public relations and advertising expense was \$53,524 and \$51,070 for the years ended June 30, 2025 and 2024, respectively.

2. Lease Expense

Lease expense for the years ended June 30, 2025 and 2024 results from an annual lease agreement signed for \$520,584 a year at June 30, 2025 and \$507,432 a year at June 30, 2024. See Note 9 for supported entity information. In addition, \$9,600 was paid for office space for the Illinois Family Services Program. There are signed lease agreements for the periods June 1, 2024 through May 31, 2025, and June 1, 2025 through May 31, 2026, for the lease in Illinois. The future minimum required lease payments are for the year ending June 30, 2026 in the amount of \$8,800 for Illinois. Subsequent to year end, the Organization verbally agreed to an annualized rent amount of \$717,168 (first payment due in October) for the next fiscal year. See Note 12, Lease Standard.

3. Liquidity and Availability

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

June 30	2025	2024
Financial assets at year end		
Cash and cash equivalents	\$ 447,893	\$ 454,903
Program service fee receivables, net	694,154	637,165
Employee loans receivable	40,132	61,181
Other receivables	7,779	12,243
Total financial assets at end of year	1,189,958	1,165,492
Less those unavailable for general expenditure within one year:		
Other receivables	(981)	(3,497)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,188,977	\$ 1,161,995

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

3. Liquidity and Availability - (Continued)

The Organization is primarily funded by program revenue and contributions from the supported entity, Apostolic Christian Children's Home, Inc. - see Note 9. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization could submit a special grant request to the supported entity, but that request would have to be approved by the board of the supported entity. See Note 10 for liquidity available on open credit line.

4. Donor-Restricted Net Assets

As of June 30, 2025 and 2024, there were no donor-restricted net assets.

5. Retirement Benefits

Gateway Woods Family Services, Inc. sponsors a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code for its employees. Under the provisions of the plan, which covers all eligible employees 21 years of age, employees are eligible to participate in company matching contributions which are 3% of wages depending on employees' length of service. In addition, immediately upon commencement of employment, all employees are eligible to contribute up to 100% of their compensation, subject to maximums established by applicable tax regulations. After three years of service, employees are eligible to receive a percent of their wage as an additional employer contribution to their retirement plan determined annually by the Organization's Board of Directors. For the years ended June 30, 2025 and 2024, the Organization incurred expenses of \$143,780 and \$138,218, respectively for contributions to the plan.

6. Credit Risk, Concentrations and Contingencies

The Organization maintains cash balances at a First Merchants Bank, in northeastern Indiana, which is insured by the Federal Deposit Insurance Corporation for up to \$250,000 as of June 30, 2025 and 2024. As of June 30, 2024, amounts in excess of insured limits at that bank totaled \$16,204. There were no amounts above the FDIC limit as of June 30, 2025.

Gateway Woods Family Services, in the normal course of operations, grants credit to referring agencies and private families located primarily in northeastern Indiana. Various Indiana counties through the Indiana Department of Child Services together provided 98% and 94% of the program per diem fees during the years ended June 30, 2025 and 2024 respectively. The Organization is carrying accounts receivable from the Indiana Department of Child Services totaling \$631,945 and \$625,002 as of June 30, 2025 and 2024, respectively.

Contributions received are primarily from the supported entity, Apostolic Christian Children's Home, Inc. as disclosed in Note 9.

7. Potential Legal Claims

In the normal course of business, Gateway Woods Family services, Inc. is subject to potential legal claims. If and when such claims occur, it is the Organization's practice to defend these claims as they arise. Management does not believe that any potential claims existed as of June 30, 2025 and 2024 that would have a material effect on the Organization's financial position, results of activities or liquidity.

8. Functional Allocation of Expenses

The costs of providing various programs and other activities are presented on a functional basis in the Consolidated Statement of Activities and in the Consolidated Statement of Functional Expenses. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Accordingly, certain costs have been

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

8. Functional Allocation of Expenses - (Continued)

allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and related expenses which are allocated based on time studies of employees; depreciation, utilities, repairs, and maintenance which are allocated based on office space; and insurance, telephone, expendable equipment, supplies, and program expenses which are allocated according to usage percentage.

9. Supported Entity

The Organization received \$1,075,000 and \$1,100,000 in charitable allocations from the supported entity, Apostolic Christian Children's Home, Inc., during the years ended June 30, 2025 and 2024, respectively. Gateway Woods Family Services, Inc. also incurred lease expense of \$520,584 and \$507,432 to Apostolic Christian Children's Home, Inc. for use of campus real estate during the years ended June 30, 2025 and 2024, respectively. In addition, the Organization received \$310,656 and \$294,441 in reimbursements from Apostolic Christian Children's Home, Inc. for management and employee services performed during the years ended June 30, 2025 and 2024, respectively. Gateway Woods Family Services Illinois, LLC received \$90,000 and \$45,000 from the supported entity during the year ended June 30, 2025 and 2024, respectively. The above amounts were recorded in the Consolidated Statement of Activities and, if applicable, in the Consolidated Statement of Functional Expenses. No amounts were due to or owed from Apostolic Christian Children's Home, Inc. as of June 30, 2025 and 2024.

10. Notes Payable

On March 18, 2019 the Organization opened a Priority Credit Line with Wells Fargo which uses investment dollars held by Apostolic Christian Children's Home, Inc. as collateral. The balance was \$0 as of June 30, 2025 and 2024, and there was no activity on this credit line during the fiscal years ending June 30, 2025 and 2024, respectively. The credit limit is 70% on \$227,532 and \$97,142 of bonds and 60% on \$984,313 and \$1,254,310 of mutual funds held in the collateral investment account as of June 30, 2025 and 2024, respectively. The negotiated interest rate is determined at the time of a draw on the line and depends on the amount of business the Organization and the Apostolic Christian Children's Home, Inc. has with Wells Fargo. The line of credit is necessary to meet accreditation standards for the adoption program and there is no expiration date on the line.

11. Subsequent Events, Contingencies and Commitments

The Organization submitted a grant request to Apostolic Christian Children's Home, Inc. in the amount of \$2,350,000 for the year ending June 30, 2026, to be paid out quarterly which was approved subsequent to year end. The first and second quarterly grant requests were paid subsequent to year end. Gateway Woods Family Services Illinois, LLC submitted a budget request for \$120,000 to Apostolic Christian Children's Home, Inc., which was approved subsequent to year end.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the financial statements issuance date, November 11, 2025.

Subsequent to year end Apostolic Christian Children's Home, Inc. completed construction of a new operations building which the Organization is renting and occupying now that construction was completed in October 2025. The new monthly rent starting October 2025 was \$59,764.

12. Lease Standard

The Organization follows Accounting Standards Update (ASU) 2016-023, Leases (ASC Topic 842) and subsequent amendments. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short term rentals under year-to-year leases or remaining leases with terms of 12 months or less are exempt from being capitalized. The Organization analyzed the impact of the standard and determined the current operating leases are 12 months or less and therefore outside the scope of Topic 842.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2025 and 2024

13. Employee Retention Credit (ERC) / Workforce Stabilization Grant

During the fiscal year ending June 30, 2023, the Organization applied for an employee retention credit with the Internal Revenue Service for the quarter ending September 30, 2021. According to ASC 958-605, this amount is recognized as income when the conditions of the ERC are substantially met. As of June 30, 2023, the Organization's management determined the conditions were not fully met. Therefore, the amount of the refund claim of \$334,984 would be listed as an other receivable but since the conditions are not substantially met, the entity should record an offsetting liability. Since the receivable would be offset by the liability, management elected to not record the receivable and the identical offsetting liability as of June 30, 2023. During the year ended June 30, 2024 the Organization received the funds from the ERC refund claim and recognized it as other income. The total received was \$366,669 which includes \$31,685 in interest income.

During the year ended June 30, 2024, the Organization received a Workforce Stabilization Grant from Indiana for \$185,000. The total received was recognized as other income and was spent during the fiscal year.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gateway Woods Family Services, Inc.
Leo, Indiana

We have audited the consolidated financial statements of Gateway Woods Family Services, Inc. (a nonprofit organization) and subsidiary as of and for the years ended June 30, 2025 and 2024 and our report thereon dated November 11, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information included in the accompanying consolidated schedules for the years ended June 30, 2025 and 2024, and the Summary of Consolidated Operations and various graphs for the years ended June 30, 2025 through 2021, which is the responsibility of management, is presented for purposes additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Bashore Reineck Stoller & Waterman Inc

BASHORE REINECK STOLLER & WATERMAN INC
Van Wert, Ohio
November 11, 2025

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED DEPARTMENTAL SCHEDULES OF PROGRAM INCOME AND EXPENSE

For the years ended June 30	2025			2024		
	Support & Revenue	Expenses	Net	Support & Revenue	Expenses	Net
Residential						
Program per diem fees	\$ 2,107,695			\$ 1,524,083		
Contributions received	20,519			39,604		
Other income	15,450			10,500		
	6,074 days			4761 days		
Total residential	2,143,664	2,267,369	(123,705)	1,574,187	1,922,296	(348,109)
	\$353 per day	\$373 per day	\$(22) per day	\$331 per day	\$404 per day	\$(73) per day
Foster Care						
Program per diem fees	829,618			665,299		
Other income	100			0		
	8,123 days			7006 days		
Total foster care	829,718	888,702	(58,984)	665,299	793,223	(127,924)
	\$102 per day	\$109 per day	\$(8) per day	\$95 per day	\$113 per day	\$(18) per day
Professional Foster Care						
Program per diem fees	0			246,235		
Contributions received	0			3,751		
				906 days		
Total professional foster care	0	463	(463)	249,986	265,204	(15,218)
				\$276 per day	\$293 per day	\$(17) per day
On-ground School Services						
Program per diem fees	898,978			712,091		
Contributions received	17,888			40,741		
Rent income	0			200		
	3,119 days			2507 days		
Total on-ground school services	916,866	711,831	205,035	753,032	675,297	77,735
	\$294 per day	\$228 per day	\$66 per day	\$300 per day	\$269 per day	\$31 per day
Adoption, IN						
Program per diem fees	66,476			88,132		
	56 service units			95 service units		
Total adoption, IN	66,476	230,185	(163,709)	88,132	218,464	(130,332)
	\$1,187 per unit	\$4,110 per unit	\$(2,944) per unit	\$928 per unit	\$2300 per unit	\$(1,372) per unit
Adoption, IL						
Program per diem fees	51,803			56,258		
Contributions received	90,000			45,000		
	47 service units			68 service units		
Total Adoption, IL	141,803	138,281	3,522	101,258	118,264	(17,006)
	\$3,017 per unit	\$2,942 per unit	\$75 per unit	\$1489 per unit	\$1739 per unit	\$(250) per unit

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED DEPARTMENTAL SCHEDULES OF PROGRAM INCOME AND EXPENSE

For the years ended June 30	2025			2024		
	Support & Revenue	Expenses	Net	Support & Revenue	Expenses	Net
Gateway Farms						
Contributions received	250			519		
Program per diem fees	155,638			117,531		
Farm income	31,610			32,430		
Total Gateway Farms	187,498	210,198	(22,700)	150,480	227,762	(77,282)
LARC						
Contributions received	250			1,135		
Total LARC	250	292,272	(292,022)	1,135	355,906	(354,771)
Willowbridge						
Program tenant rent	16,816			25,024		
Contributions received	2,388			500		
Other income	1,050			0		
Total Willowbridge	20,254	388,276	(368,022)	25,524	319,759	(294,235)
Administrative						
Contributions received	1,129,814			1,120,000		
Employee Retention Credit	0			334,984		
ERC interest income	0			31,685		
Grant income	20,853			185,000		
Other income	0			28,856		
Management & general		211,082			219,989	
Public relations		113,246			103,008	
Total administrative	1,150,667	324,328	826,339	1,700,525	322,997	1,377,528
Totals	\$ 5,457,196	\$ 5,451,905	\$ 5,291	\$ 5,309,558	\$ 5,219,172	\$ 90,386

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF PROPERTY AND EQUIPMENT

For the year ended June 30, 2025	Equipment	Vehicles	Total
Assets			
Balance, June 30, 2024	\$ 191,709	\$ 447,858	\$ 639,567
Additions	0	64,738	64,738
Dispositions	0	0	0
Balance, June 30, 2025	191,709	512,596	704,305
Accumulated depreciation			
Balance, June 30, 2024	162,324	331,961	494,285
Additions	14,335	44,153	58,488
Dispositions	0	0	0
Balance, June 30, 2025	176,659	376,114	552,773
Net property and equipment, June 30, 2024	\$ 15,050	\$ 136,482	\$ 151,532

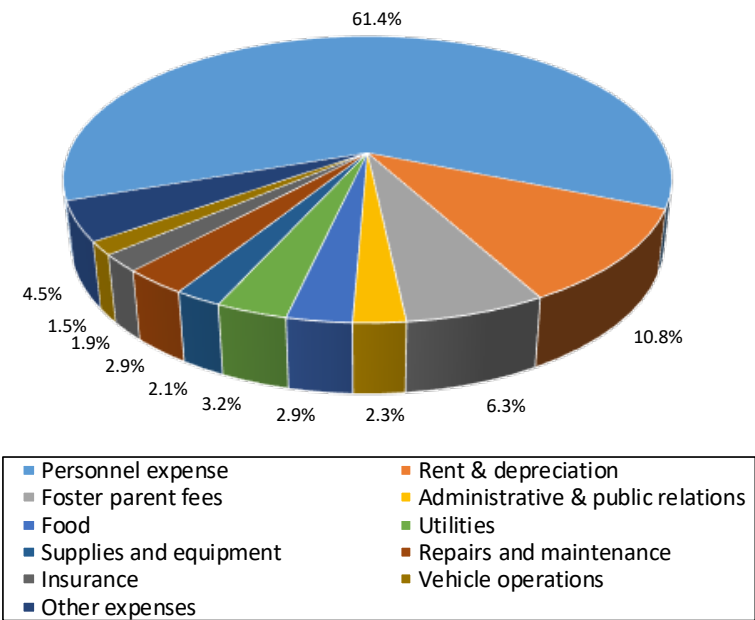
For the year ended June 30, 2024	Equipment	Vehicles	Total
Assets			
Balance, June 30, 2023	\$ 191,485	\$ 406,815	\$ 598,300
Additions	224	54,970	55,194
Dispositions	0	13,927	13,927
Balance, June 30, 2024	191,709	447,858	639,567
Accumulated depreciation			
Balance, June 30, 2023	146,531	309,177	455,708
Additions	15,793	36,969	52,762
Dispositions	0	14,185	14,185
Balance, June 30, 2024	162,324	331,961	494,285
Net property and equipment, June 30, 2024	\$ 29,385	\$ 115,897	\$ 145,282

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
SUMMARY OF CONSOLIDATED OPERATIONS

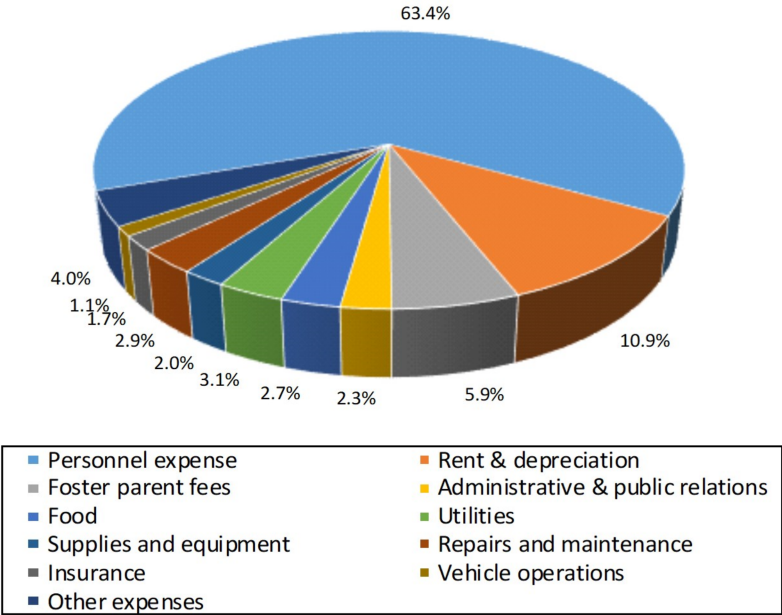
For the years ended June 30	2025	2024	2023	2022	2021
Support and revenue					
Program per diem fees	\$ 4,127,024	\$ 3,434,653	\$ 3,073,594	\$ 2,695,433	\$ 2,577,408
Contributions received	1,261,109	1,251,250	1,846,372	1,594,947	1,620,169
Rent income	0	200	100	8,575	5,282
Interest income	17,758	31,685	0	0	0
Debt forgiveness income	0	0	0	0	250,016
Other income	51,305	591,770	66,273	17,789	13,766
Total support and revenue	5,457,196	5,309,558	4,986,339	4,316,744	4,466,641
Expenses					
Program expenses	5,127,577	4,896,175	4,488,414	4,055,794	4,148,773
Management and general	211,082	219,989	214,337	210,759	175,623
Public relations	113,246	103,008	113,248	95,455	90,367
Total expenses	5,451,905	5,219,172	4,815,999	4,362,008	4,414,763
Change in net assets	\$ 5,291	\$ 90,386	\$ 170,340	\$ (45,264)	\$ 51,878
Total assets	\$ 1,393,419	\$ 1,352,173	\$ 1,272,027	\$ 1,086,644	\$ 1,089,521
Total liabilities	\$ 231,855	\$ 195,900	\$ 206,140	\$ 191,097	\$ 148,710
Net assets	\$ 1,161,564	\$ 1,156,273	\$ 1,065,887	\$ 895,547	\$ 940,811
Total census days					
Residential	6,074	4,761	5,225	5,171	5,191
Foster care	8,123	7,006	7,568	10,622	11,899
Gateway Farms Resident Work Hours	1,998	1,215	1835	0	0
Clients served					
Residents placed at Gateway Woods	48	39	32	40	39
Residents' family (estimate)	98	75	62	44	40
Residential aftercare	13	5	5	4	0
Residents' family aftercare	34	6	6	8	0
Foster care placements	47	44	49	65	64
Professional foster care	0	9	10	5	0
Professional foster care family	0	13	15	2	0
Adoption home studies / updates	54	66	64	93	107
LARC (Linking to Attain Responsibility & Community)	85	97	173	502	298
Gateway Woods Family Services - IL	44	46	47	44	44
Day treatment (attending school but not a resident)	0	0	0	0	0
Willowbridge Tenants	11	9	8	11	7
Total clients served	434	409	471	818	599

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED ANALYSIS OF OPERATING EXPENSES

For the year ended June 30, 2025



For the year ended June 30, 2024

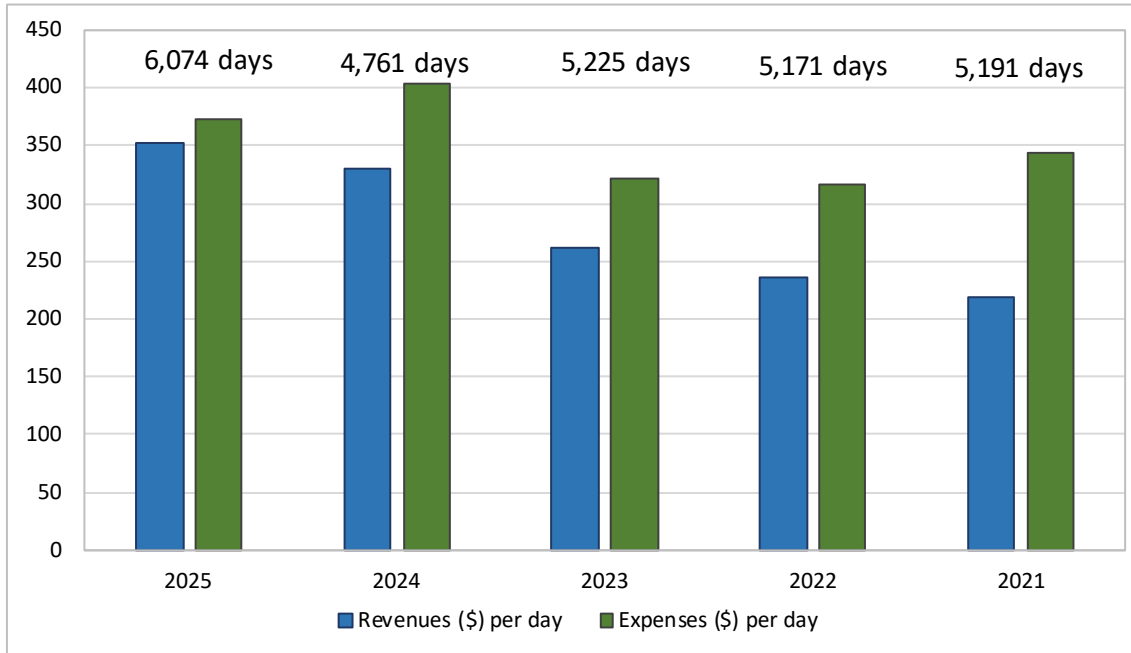


20 See independent auditors’ report on supplementary information

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

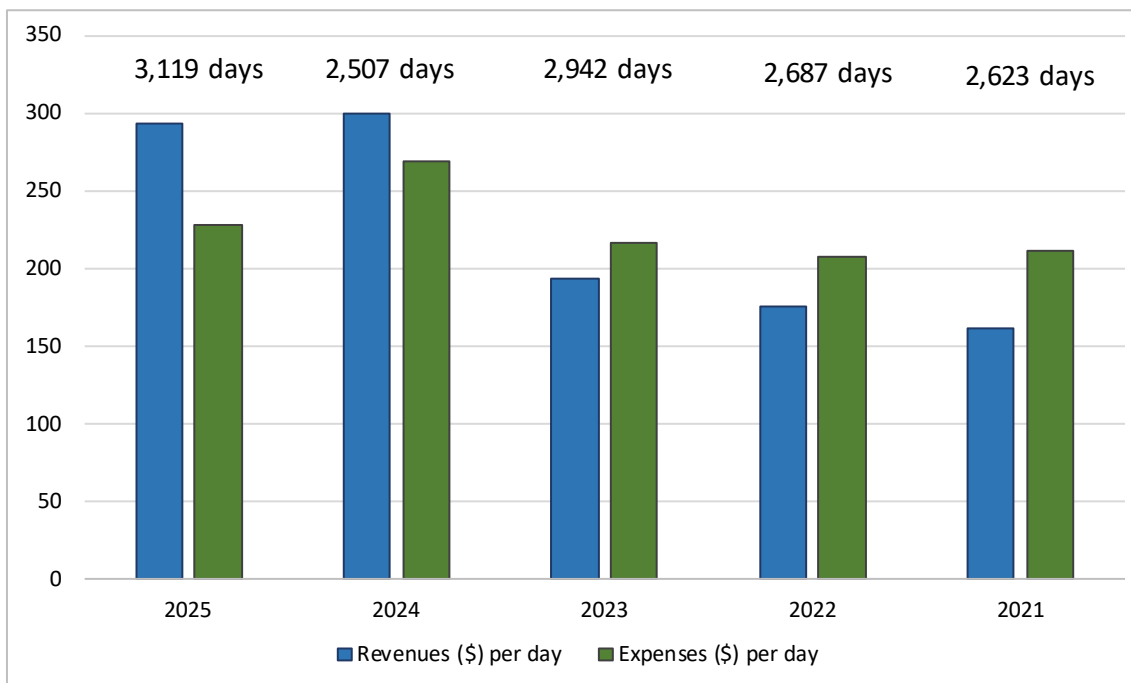
CONSOLIDATED ANALYSIS OF RESIDENTIAL REVENUES AND EXPENSES PER DAY

For the years ended June 30, 2025 - 2021



CONSOLIDATED ANALYSIS OF SCHOOL REVENUES AND EXPENSES PER DAY

For the years ended June 30, 2025 - 2021



GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED ANALYSIS OF FOSTER CARE REVENUES AND EXPENSES PER DAY

For the years ended June 30, 2025 - 2021

