

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

February 26, 2026

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rocky Mountain Multiple Sclerosis Center
Westminster, Colorado

Opinion

We have audited the accompanying financial statements of the **Rocky Mountain Multiple Sclerosis Center** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rocky Mountain Multiple Sclerosis Center as of June 30, 2025, and the changes in 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 the Rocky Mountain Multiple Sclerosis Center 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.

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rocky Mountain Multiple Sclerosis Center'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 the Rocky Mountain Multiple Sclerosis Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rocky Mountain Multiple Sclerosis Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Rocky Mountain Multiple Sclerosis Center's 2024 financial statements and we expressed an unmodified opinion in our report dated November 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial information from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 900,073	\$ 708,070
Accounts receivable (Note 4)	90,453	82,113
Promises to give	5,000	10,000
Prepaid expenses and deposits	68,984	71,933
Investments (Note 5)	865,424	818,224
Treasury Bonds (Note 5)	497,535	367,747
Beneficial interest in assets held by others (Notes 6 and 11)	430,650	411,901
Endowment (Note 6)	102,764	97,159
Property and equipment (Note 7)	<u>2,157,115</u>	<u>2,253,982</u>
Total assets	<u>\$ 5,117,998</u>	<u>\$ 4,821,129</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 88,975	\$ 84,519
Accrued payroll costs	90,551	71,398
Deferred revenue (Note 8)	84,416	58,609
Line of credit payable (Note 9)	-	190,000
Note payable (Note 10)	<u>595,960</u>	<u>612,823</u>
Total liabilities	<u>859,902</u>	<u>1,017,349</u>
 <u>Net assets</u>		
Without donor restrictions	<u>3,490,402</u>	<u>2,812,697</u>
With donor restrictions		
Purpose restrictions (Note 11)	277,762	519,900
Beneficial interest in assets held by others (Notes 6 and 11)	430,650	411,901
Endowment (Note 6)	<u>59,282</u>	<u>59,282</u>
	<u>767,694</u>	<u>991,083</u>
Total net assets	<u>4,258,096</u>	<u>3,803,780</u>
Total liabilities and net assets	<u>\$ 5,117,998</u>	<u>\$ 4,821,129</u>

The accompanying notes are an integral part of these financial statements

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024	
	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Purpose Restrictions	Endowment		
<u>Support and revenue</u>					
Support					
Special events	\$ 487,953	\$ -	\$ -	\$ 487,953	\$ 458,036
Less direct event expenses	(220,471)	-	-	(220,471)	(148,859)
Individual and board donations	364,065	50,605	-	414,670	425,092
Foundations	104,800	116,000	-	220,800	459,309
Legacies and bequests	-	-	-	-	129,525
In-kind contributions (Note 12)	105,796	-	-	105,796	43,381
Total support	842,143	166,605	-	1,008,748	1,366,484
Revenue					
KADEP	1,161,171	-	-	1,161,171	1,082,614
Pharmaceutical companies	744,903	100,000	-	844,903	165,000
Investment income	139,714	35,184	-	174,898	164,319
Seminars and publications	70,900	-	-	70,900	91,250
Other program and services	10,350	-	-	10,350	10,141
Total revenue	2,127,038	135,184	-	2,262,222	1,513,324
Net assets released from restrictions (Note 13)	525,178	(525,178)	-	-	-
Total support and revenue	3,494,359	(223,389)	-	3,270,970	2,879,808
<u>Expense</u>					
Program services					
KADEP	1,310,645	-	-	1,310,645	1,382,322
Community care and support	521,920	-	-	521,920	430,136
Education	300,666	-	-	300,666	274,707
Research	198,328	-	-	198,328	229,479
Total program services	2,331,559	-	-	2,331,559	2,316,644
Supporting services					
Management and general	186,257	-	-	186,257	220,140
Fundraising	298,838	-	-	298,838	279,567
Total expense	2,816,654	-	-	2,816,654	2,816,351
Change in net assets	677,705	(223,389)	-	454,316	63,457
Net assets, beginning of year	2,812,697	931,801	59,282	3,803,780	3,740,323
Net assets, end of year	\$ 3,490,402	\$ 708,412	\$ 59,282	\$4,258,096	\$3,803,780

The accompanying notes are an integral part of these financial statements

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025							2024	
	Program services				Supporting Services			Total	Total
	KADEP	Community Care and Support	Education	Research	Total Program Services	Management and General	Fund-raising		
Salaries, taxes and benefits	\$ 836,622	\$ 289,055	\$186,555	\$ 85,875	\$1,398,107	\$ 99,076	\$228,727	\$1,725,910	\$1,658,893
Special event direct expenses							220,471	220,471	148,859
Participant activities, travel and meals	103,165	16,661	205	-	120,031	-	-	120,031	123,893
Occupancy	92,671	2,958	1,479	1,479	98,587	2,219	1,973	102,779	102,545
Physicians	-	50,934	20,374	30,560	101,868	-	-	101,868	101,868
Contract therapists	-	93,986	7,563	-	101,549	-	-	101,549	67,559
Program grants	-	21,161	-	67,756	88,917	-	-	88,917	111,816
Printing and publications	1,078	1,299	30,732	-	33,109	7,244	19,570	59,923	65,762
Insurance	42,518	2,910	1,747	1,456	48,631	1,940	2,220	52,791	41,785
Conferences, conventions and meetings	1,562	20,779	5,767	2,193	30,301	7,803	8,640	46,744	52,361
Accounting and audit services	-	-	-	-	-	39,629	-	39,629	48,335
Software and database	20,715	-	-	-	20,715	-	15,025	35,740	31,337
Interest	28,228	2,118	1,059	1,059	32,464	1,411	1,411	35,286	29,176
Postage and delivery	1,206	391	22,485	-	24,082	2,739	1,198	28,019	29,080
Repairs and maintenance	22,293	622	311	311	23,537	736	416	24,689	18,474
Telephone and telecommunications	16,183	2,675	1,643	923	21,424	1,112	2,053	24,589	25,146
Management and consulting services	9,732	4,866	2,433	2,433	19,464	-	4,866	24,330	17,828
Supplies	18,988	464	428	-	19,880	2,668	220	22,768	16,541
Dues, memberships, and subscriptions	2,727	775	2,200	223	5,925	5,172	2,510	13,607	12,592
IT support	10,403	780	390	390	11,963	520	520	13,003	11,439
Seminars and speakers	-	336	10,466	-	10,802	-	-	10,802	24,135
Donated legal services	2,341	1,060	-	-	3,401	5,931	835	10,167	12,181
Medical supplies	8,143	-	-	-	8,143	-	-	8,143	8,366
Volunteer and donor recognition	2,570	54	115	620	3,359	2,989	787	7,135	9,848
Internship program	6,743	-	-	-	6,743	-	-	6,743	77,713
Credit card and bank fees	951	81	151	108	1,291	1,034	2,046	4,371	8,769
Allowance for bad debts	-	-	-	-	-	-	-	-	2,500
Other	3,913	2,113	1,642	21	7,689	139	1,927	9,755	21,149
	<u>1,232,752</u>	<u>516,078</u>	<u>297,745</u>	<u>195,407</u>	<u>2,241,982</u>	<u>182,362</u>	<u>515,415</u>	<u>2,939,759</u>	<u>2,879,950</u>
Depreciation	77,893	5,842	2,921	2,921	89,577	3,895	3,894	97,366	85,260
Total Expenses	<u>1,310,645</u>	<u>521,920</u>	<u>300,666</u>	<u>198,328</u>	<u>2,331,559</u>	<u>186,257</u>	<u>519,309</u>	<u>3,037,125</u>	<u>2,965,210</u>
Less expenses included with revenues on the statement of activities									
Cost of direct benefit to donors							(220,471)	(220,471)	(148,859)
Net expenses	<u>\$1,310,645</u>	<u>\$ 521,920</u>	<u>\$300,666</u>	<u>\$198,328</u>	<u>\$2,331,559</u>	<u>\$ 186,257</u>	<u>\$298,838</u>	<u>\$2,816,654</u>	<u>\$2,816,351</u>

The accompanying notes are an integral part of these financial statements

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	<u>2025</u>	<u>2024</u>
Change in net assets	\$ 454,316	\$ 63,457
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	97,366	85,260
Amortization of mortgage loan origination fees	(499)	(499)
Change in provision for bad debt	(152)	(6,076)
Unrealized/realized (gain)loss on assets held by others	(23,600)	(21,747)
Unrealized/realized (gain)loss on endowment investments	(8,586)	(8,228)
Unrealized/realized (gain)loss on other investments	(72,232)	(68,864)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(8,188)	6,958
(Increase)decrease in promises to give	5,000	5,000
(Increase)decrease in employee retention credit receivable	-	317,175
(Increase)decrease in prepaid expenses and deposits	2,949	(31,058)
(Increase)decrease investment return on endowment	(2,288)	(2,475)
(Decrease)increase in accounts payable	4,456	23,320
(Decrease)increase in accrued payroll	19,153	(39,157)
(Decrease)increase in deferred revenue	25,807	(59,391)
Net cash provided(used) by operating activities	<u>493,502</u>	<u>263,675</u>
<u>Cash flows from investing activities</u>		
(Additions)withdrawals to assets held by others	16,435	17,090
(Additions)withdrawals from other investments	44,301	43,506
(Reinvestment) of earnings	(30,853)	(36,603)
(Net purchases) of treasury bonds	(129,788)	(367,747)
(Purchases) of property and equipment	-	(443,104)
Net cash provided(used) by investing activities	<u>(99,905)</u>	<u>(786,858)</u>
<u>Cash flows from financing activities</u>		
(Payment)borrowing on line of credit	(190,000)	190,000
Endowment distributions	5,269	5,198
(Repayment) on notes payable	(16,863)	(16,083)
Net cash provided(used) by financing activities	<u>(201,594)</u>	<u>179,115</u>
Net increase(decrease) in cash and cash equivalents	192,003	(344,069)
Cash and cash equivalents, beginning of year	<u>708,070</u>	<u>1,052,139</u>
Cash and cash equivalents, end of year	<u>\$ 900,073</u>	<u>\$ 708,070</u>
<u>Supplemental disclosure of information</u>		
Interest expense	<u>\$ 35,286</u>	<u>\$ 29,176</u>

The accompanying notes are an integral part of these financial statements

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 - NATURE OF ACTIVITIES

Rocky Mountain Multiple Sclerosis Center (the MS Center) was founded in 1978 as one of the nation's first comprehensive centers dedicated to the study and treatment of multiple sclerosis. The MS Center's mission is to improve the lives of individuals and families living with multiple sclerosis (MS) and related neurological diseases through care, support, education, and research. The MS Center accomplishes its mission through a variety of programs, services, collaborations, and outreach.

Program Descriptions

King Adult Day Enrichment Program (KADEP)

The MS Center's King Adult Day Enrichment Program (KADEP) serves adults who have moderate to severe disability caused by neurological illnesses or trauma. KADEP is designed to enhance wellness, maintain, or improve functional status, and provide opportunities for socialization, personal development, and enjoyment.

Community Care and Support

Specialty Care: The Rocky Mountain MS Center joined together with the University of Colorado Anschutz Medical Campus, and University of Colorado Hospital Authority (UCHealth) to form the Rocky Mountain MS Center at University of Colorado partnership. Together we serve the Rocky Mountain region through state-of-the-art patient care provided by MS fellowship-trained neurologists, education, support, and research. MS Center physicians also provide care to MS patients at the Veterans Administration Hospital and Denver Health.

Support: The MS Center's support programs for individuals living with MS and related neurological diseases include: Adaptive exercise & social support programs including hydrotherapy and online exercise sessions; individual and family counseling sessions; MS young professionals network and mentorship program; and rural engagement program to increase access to specialized support and education for rural-based individuals and families living with MS.

Education: The MS Center conducts a variety of in-person and online programs and seminars to educate individuals and families with MS and related neurological diseases across the country and throughout the world. The MS Center provides monthly MS 101 sessions for newly diagnosed patients and families; maintains an educational website, publishes a quarterly magazine, InforMS, and distributes an electronic newsletter, eMS News, featuring research and educational information, opportunities to participate in MS clinical research, and information on upcoming events.

Research: The MS Center sponsors basic science and translational research, which includes a variety of clinical trials. Physicians and scientists play a critical role in the development of current and emerging MS therapies, as well as studies to determine the biological basis of the disease. Research priorities include the development of an in-depth profile for MS to include genes, biomarkers, or environmental circumstances that are associated with earliest manifestations of MS and related neurological diseases. The MS Center also administers one of the world's largest fresh-brain tissue banks. The tissue is retrieved, stored, and provided to MS researchers from around the world.

NOTE 1 - NATURE OF ACTIVITIES (Concluded)

The Organization is primarily supported by the King Adult Day Enrichment Program (KADEP), pharmaceutical companies, special events, foundations, and individual and board contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Rocky Mountain Multiple Sclerosis Center have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents does not include those amounts held for long-term investment purposes.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,500. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended June 30, 2025, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy costs are allocated on square footage. All other expenses are allocated to the program or functional area benefited.

9. Summarized Prior-Year Information

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

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. There was no effect on the change of net assets.

11. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

12. Subsequent Events

Management has evaluated subsequent events through February 26, 2026, the date the financial statements were available for distribution.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2025:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 900,073
Accounts receivable	90,453
Promises to give	5,000
Investments, treasury bonds, assets held by others, and endowment	<u>1,896,373</u>
	2,891,899
Less amounts not available for general expenditures within one year due to:	
Endowment	(59,282)
Beneficial interest in assets held by others	<u>(430,650)</u>
	<u>(489,932)</u>
Total financial assets available to meet general expenditures within one year:	<u>\$ 2,401,967</u>

The Organization's goal is generally to maintain financial assets to meet 6 to 8 months of cash operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.

NOTE 4 - ACCOUNTS RECEIVABLE

At year-end, accounts receivable consists primarily of KADEP program service fees and publication advertising revenue. At June 30, 2025, the allowance for doubtful accounts was approximately \$15,000.

NOTE 5 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT

The following table sets forth by level, within the fair value hierarchy, the Organization's investments:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 11,520	\$ -	\$ -	\$ 11,520
Domestic corporate bonds		229,769	-	229,769
Treasury Bonds	497,535	-	-	497,535
Mutual funds	667,745	-	-	667,745
Alternative investments	59,154	-	-	59,154
Assets held by Community First Foundation	<u>-</u>	<u>-</u>	<u>430,650</u>	<u>430,650</u>
Total	<u>\$ 1,235,954</u>	<u>\$ 229,769</u>	<u>\$ 430,650</u>	<u>\$ 1,896,373</u>

NOTE 5 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT (Concluded)

Investment income and account activity is summarized as follows:

	Without donor Restrictions	Endowment	Community First Foundation Endowment	
	<u>Investments</u>	<u>Restricted in perpetuity</u>	<u>Purpose restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 1,223,848	\$ 59,282	\$ 411,901	\$ 1,695,031
Additions	497,535	-	-	497,535
Interest and dividends	21,557	-	11,584	33,141
Realized/unrealized gains(losses)	87,692	-	28,011	183,193
Less: Management fees	<u>(6,874)</u>	<u>-</u>	<u>(4,411)</u>	<u>(11,285)</u>
Total investment return	102,375	-	35,184	137,559
Less: distributions	<u>(417,317)</u>	<u>-</u>	<u>(16,435)</u>	<u>(433,752)</u>
Balance, end of year	\$ 1,406,441	\$ 59,282	\$ 430,650	\$ 1,896,373

Additionally, the Organization earned \$16,202 of interest on its operating cash balances, as well as \$21,137 of interest on its treasury bonds.

Donor Restricted Endowment

The MS Center's endowment (the Endowment) was established in 2004 and consists of five individual funds established by donors to provide annual funding for specific activities and general operations. The original intent of the donors was to preserve the fair value of their original gifts in perpetuity, and subsequent gifts to the Endowment.

The MS Center has a policy of appropriating annual distributions. In establishing this policy, the MS Center considered the long-term expected return on its endowment. Accordingly, over the long-term, the MS Center expects the current spending policy to preserve the net assets with donor restrictions to be maintained in perpetuity of the endowment. This is consistent with the MS Center's objective to preserve the original fair values of the original gifts made to the Endowment as well as to provide an opportunity for real growth through new gifts and undistributed investment return. During fiscal year 2025, the Board requested and received a distribution of \$16,435 from the Endowment.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The MS Center established an endowment fund in 2004 through the Community First Foundation (the Foundation) Non-profit Preservation Endowment Challenge Grant program and named itself beneficiary. The MS Center granted variance power to CFF which allows CFF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of CFF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by CFF for the benefit of the MS Center's KADEP program and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

The MS Center receives an annual distribution of approximately 4% of the average of the net fair market value of the assets of the endowment fund on the last business day of each of the three calendar years preceding the year for which the distribution is made.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 877,646
Building improvements	775,860
Land	718,113
Roof replacement	422,690
Furniture, fixtures, and equipment	269,438
Grounds and landscaping	<u>92,809</u>
Total	3,156,556
Less: accumulated depreciation	<u>(999,441)</u>
Net property and equipment	<u>\$ 2,157,115</u>

Depreciation and amortization expense for the year was \$97,366.

NOTE 8 - DEFERRED REVENUE

At June 30, 2025, deferred revenue consists of Gala sponsorships, tickets, and fees received during the fiscal year in advance of the 2026 event. Changes in deferred revenue are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
Beginning balance	\$ 58,609
Gala sponsorships	78,543
Vendor display fees	4,000
Gala tickets	1,873
Revenue recognized during the fiscal year for 2025 event	<u>(58,609)</u>
Ending balance of deferred revenue	<u>\$ 84,416</u>

NOTE 9 - LINE OF CREDIT PAYABLE

The Organization has a \$500,000 line of credit with a balance of \$0 at year-end. Interest accrues on outstanding balances at Prime plus 1.00% (8.50% at June 30, 2025).

NOTE 10 - NOTE PAYABLE

The Organization has a note payable of \$668,000 that was used to pay off the FirstBank 1st Deed of Trust (DOT) and provide cash-out for the purchase of a single-family residence. The note bears interest at 4.13% and matures on September 1, 2046. The note requires monthly payments of \$3,596. The future scheduled principal maturities under the note for the years ending June 30th are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 17,604
2027	18,377
2028	19,118
2029	20,020
2030 and after	<u>520,841</u>
Total	<u>\$ 595,960</u>

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end net assets with donor restrictions were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Beneficial assets held by Foundation - KADEP program	\$ 430,650
Education seminars	147,750
Rural engagement program	76,990
Research and grant making	46,371
Time restricted	5,000
Exercise and wellness	<u>1,651</u>
Total	<u>\$ 708,412</u>

NOTE 12 - IN-KIND CONTRIBUTIONS

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the year consist of:

<u>Description</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Event Services	Special Events	None	\$ 92,757
Legal Services (valued at \$400/hr)	Programs	None	10,166
Facility Repairs	Programs	None	<u>2,873</u>
Total			<u>\$ 105,976</u>

The value of all services donated to the organization was determined by the donor.

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
Rural engagement program	\$ 217,268
KADEP program	86,325
Education seminars	83,500
Research and grant making	71,667
Exercise and wellness	37,483
KADEP Community First	16,435
Peer support programs	7,500
Time restricted	<u>5,000</u>
Total	<u>\$ 525,178</u>

NOTE 14 - PENSION PLAN

The Organization has a SIMPLE IRA plan (the Plan). The Organization matches employee contributions up to 3% of the employee's salary. Pension plan expense for the year was \$34,234.

NOTE 15 - CONCENTRATION OF CREDIT RISK

The Organization places all of its cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. At year-end, the Organization's uninsured balance at this financial institution was about \$635,186. Management has evaluated its banking needs and the strength of this financial institution and feels it is in the best long-term interest of the organization to continue its existing banking relationships.