

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024



Leaf & Cole, LLP
Certified Public Accountants

**SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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Leaf & Cole, LLP
*Certified Public Accountants
A Partnership of Professional Corporations*

Independent Auditor's Report

To the Board of Directors
Serving Seniors and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Serving Seniors and Subsidiaries, 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 Serving Seniors and Subsidiaries as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Serving Seniors and Subsidiaries' 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 Serving Seniors and Subsidiaries' 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.

Leaf & Cole LLP

San Diego, California
October 28, 2025

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS		
	<u>2025</u>	<u>2024</u>
<u>Current Assets:</u> (Notes 2, 4, 5, 6, 7, 8, 9 and 15)		
Cash and cash equivalents	\$ 4,703,447	\$ 4,950,036
Investments	2,966,356	1,841,503
Grants receivable	990,617	1,724,597
Accounts receivable - related parties, net	272,308	352,384
Other receivable	226,061	85,102
Pledges receivable	453,548	293,869
Rent receivable	11,112	21,630
Accrued interest receivable	3,311	7,149
Prepaid expenses and other	421,768	395,777
Total Current Assets	<u>10,048,528</u>	<u>9,672,047</u>
<u>Noncurrent Assets:</u> (Notes 2, 4, 5, 10, 11, 12, 13, 14, 15, 19 and 20)		
Restricted reserves	358,439	563,383
Pledges receivable	589,885	-
Notes receivable, net	2,873,154	2,919,068
Land, building and equipment, net	26,307,434	26,625,476
Operating lease right-of-use asset, net	26,886	35,606
Investments in limited partnerships	274,095	274,446
Investments restricted for endowment	750,000	750,000
Beneficial interest in endowment funds	9,418	8,992
Total Noncurrent Assets	<u>31,189,311</u>	<u>31,176,971</u>
TOTAL ASSETS	<u><u>\$ 41,237,839</u></u>	<u><u>\$ 40,849,018</u></u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current Liabilities:</u> (Notes 2 and 20)		
Accounts payable	\$ 830,087	\$ 856,693
Payroll and related liabilities	160,394	159,928
Tenant security deposits	28,600	27,000
Accrued paid time off	292,577	301,805
Other liabilities	97,041	179,082
Prepaid rent	14,466	9,548
Current portion of operating lease liability	8,694	8,381
Current portion of mortgage payable	68,759	64,155
Total Current Liabilities	<u>1,500,618</u>	<u>1,606,592</u>
<u>Noncurrent Liabilities:</u> (Notes 2, 16, 17 and 20)		
Notes payable	2,200,000	2,200,000
Operating lease liability, net of current portion	19,169	27,863
Mortgage payable, net of current portion	1,280,676	1,341,926
Accrued interest payable	8,351	8,723
Total Noncurrent Liabilities	<u>3,508,196</u>	<u>3,578,512</u>
Total Liabilities	<u>5,008,814</u>	<u>5,185,104</u>
<u>Commitments:</u> (Notes 15, 20 and 21)		
<u>Net Assets:</u> (Notes 2, 18 and 19)		
Without donor restrictions:		
Undesignated	31,117,394	31,404,776
Board designated	3,172,198	2,913,469
Total Net Assets Without Donor Restrictions	<u>34,289,592</u>	<u>34,318,245</u>
With donor restrictions:		
Purpose restrictions	466,380	349,177
Time restrictions	713,635	237,500
Perpetual in nature	759,418	758,992
Total Net Assets With Donor Restrictions	<u>1,939,433</u>	<u>1,345,669</u>
Total Net Assets	<u>36,229,025</u>	<u>35,663,914</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 41,237,839</u></u>	<u><u>\$ 40,849,018</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue, Support and Gains:</u>						
Government grants	\$ 12,482,621	\$ -	\$ 12,482,621	\$ 8,975,554	\$ -	\$ 8,975,554
Contributions	2,182,719	1,643,435	3,826,154	1,797,286	919,000	2,716,286
Rental income	1,452,503	-	1,452,503	1,335,669	-	1,335,669
Housing	1,272,089	-	1,272,089	697,383	-	697,383
In-kind contributions	366,120	-	366,120	610,200	-	610,200
Donations from seniors served	93,021	-	93,021	99,734	-	99,734
Other income	89,851	-	89,851	65,605	-	65,605
Laundry and vending income	10,613	-	10,613	10,062	-	10,062
Special events:						
Special events revenue	-	471,008	471,008	-	593,851	593,851
Less: Cost of direct benefits to donors	-	(75,950)	(75,950)	-	(63,875)	(63,875)
Special events revenue, net	-	395,058	395,058	-	529,976	529,976
Investment income, net	507,780	807	508,587	527,479	698	528,177
Net assets released from restrictions	1,445,536	(1,445,536)	-	1,847,104	(1,847,104)	-
Total Revenue, Support and Gains	<u>19,902,853</u>	<u>593,764</u>	<u>20,496,617</u>	<u>15,966,076</u>	<u>(397,430)</u>	<u>15,568,646</u>
<u>Expenses:</u>						
Program Services:						
Nutrition program	10,366,373	-	10,366,373	8,417,576	-	8,417,576
Health and social services	3,706,962	-	3,706,962	2,953,270	-	2,953,270
Rental real estate	1,902,196	-	1,902,196	1,760,312	-	1,760,312
Housing development and facility support	1,307,024	-	1,307,024	1,667,075	-	1,667,075
Total Program Services	<u>17,282,555</u>	<u>-</u>	<u>17,282,555</u>	<u>14,798,233</u>	<u>-</u>	<u>14,798,233</u>
Supporting Services:						
Management and general	1,421,860	-	1,421,860	1,097,403	-	1,097,403
Fundraising	1,227,091	-	1,227,091	1,061,515	-	1,061,515
Total Supporting Services	<u>2,648,951</u>	<u>-</u>	<u>2,648,951</u>	<u>2,158,918</u>	<u>-</u>	<u>2,158,918</u>
Total Expenses	<u>19,931,506</u>	<u>-</u>	<u>19,931,506</u>	<u>16,957,151</u>	<u>-</u>	<u>16,957,151</u>
Change in Net Assets	(28,653)	593,764	565,111	(991,075)	(397,430)	(1,388,505)
Net Assets at Beginning of Year	<u>34,318,245</u>	<u>1,345,669</u>	<u>35,663,914</u>	<u>35,309,320</u>	<u>1,743,099</u>	<u>37,052,419</u>
NET ASSETS AT END OF YEAR	<u>\$ 34,289,592</u>	<u>\$ 1,939,433</u>	<u>\$ 36,229,025</u>	<u>\$ 34,318,245</u>	<u>\$ 1,345,669</u>	<u>\$ 35,663,914</u>

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
<u>Personnel:</u>										
Salaries	\$ 2,617,100	\$ 2,001,626	\$ -	\$ 541,411	\$ 5,160,137	\$ 675,635	\$ 583,701	\$ 1,259,336	\$ -	\$ 6,419,473
Employee benefits	472,481	231,160	-	114,424	818,065	96,623	64,954	161,577	-	979,642
Payroll taxes	190,558	147,257	-	40,453	378,268	50,751	42,748	93,499	-	471,767
Total Personnel	<u>3,280,139</u>	<u>2,380,043</u>	<u>-</u>	<u>696,288</u>	<u>6,356,470</u>	<u>823,009</u>	<u>691,403</u>	<u>1,514,412</u>	<u>-</u>	<u>7,870,882</u>
<u>Operating Expenses:</u>										
Auto	633,723	300	-	4,408	638,431	-	-	-	-	638,431
Consultants	600	43,041	-	-	43,641	26,533	71,773	98,306	-	141,947
Depreciation	351,340	3,833	671,706	233,607	1,260,486	24,030	-	24,030	-	1,284,516
Equipment	66,773	13,055	-	20,119	99,947	-	543	543	-	100,490
Food costs	5,445,654	74,106	-	-	5,519,760	-	-	-	-	5,519,760
Insurance	-	15	-	44,934	44,949	35,991	-	35,991	-	80,940
Lease expense	-	-	-	-	-	77,371	-	77,371	-	77,371
Mail house services	10,379	12,098	-	-	22,477	1,641	122,400	124,041	-	146,518
Occupancy and utilities	366,249	634	-	135,789	502,672	41	-	41	-	502,713
Other expense	35,020	188,280	-	11,614	234,914	129,395	52,593	181,988	-	416,902
Professional fees	-	-	-	7,506	7,506	57,577	-	57,577	-	65,083
Property operation cost	-	-	1,907,091	-	1,907,091	-	-	-	(676,601)	1,230,490
Repairs and maintenance	15,435	93,943	-	85,250	194,628	-	-	-	-	194,628
Special events	-	-	-	-	-	-	181,318	181,318	-	181,318
Specific assistance	6,613	812,156	-	-	818,769	-	951	951	-	819,720
Supplies and office	109,060	46,076	-	51,692	206,828	225,750	103,040	328,790	-	535,618
Telephone	37,271	29,854	-	15,072	82,197	12,134	3,070	15,204	-	97,401
Travel, conferences and meetings	8,117	9,528	-	745	18,390	8,388	-	8,388	-	26,778
Total Operating Expenses	<u>7,086,234</u>	<u>1,326,919</u>	<u>2,578,797</u>	<u>610,736</u>	<u>11,602,686</u>	<u>598,851</u>	<u>535,688</u>	<u>1,134,539</u>	<u>(676,601)</u>	<u>12,060,624</u>
<u>Less: Eliminations</u>	<u>-</u>	<u>-</u>	<u>(676,601)</u>	<u>-</u>	<u>(676,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>676,601</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 10,366,373</u>	<u>\$ 3,706,962</u>	<u>\$ 1,902,196</u>	<u>\$ 1,307,024</u>	<u>\$ 17,282,555</u>	<u>\$ 1,421,860</u>	<u>\$ 1,227,091</u>	<u>\$ 2,648,951</u>	<u>\$ -</u>	<u>\$ 19,931,506</u>

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services				
	Nutrition Program	Health and Social Services	Rental Real Estate	Housing Development & Facility Support	Total Program Services	Management and General	Fundraising	Total Supporting Services	Eliminations	Total Expenses
<u>Personnel:</u>										
Salaries	\$ 2,212,317	\$ 1,521,636	\$ -	\$ 412,656	\$ 4,146,609	\$ 546,471	\$ 495,514	\$ 1,041,985	\$ -	\$ 5,188,594
Employee benefits	380,592	164,537	-	82,741	627,870	66,003	47,325	113,328	-	741,198
Payroll taxes	162,606	112,521	-	30,599	305,726	32,777	36,944	69,721	-	375,447
Total Personnel	<u>2,755,515</u>	<u>1,798,694</u>	<u>-</u>	<u>525,996</u>	<u>5,080,205</u>	<u>645,251</u>	<u>579,783</u>	<u>1,225,034</u>	<u>-</u>	<u>6,305,239</u>
<u>Operating Expenses:</u>										
Auto	505,109	-	-	5,781	510,890	384	-	384	-	511,274
Bad debts	-	-	-	12,500	12,500	8,348	-	8,348	-	20,848
Consultants	-	287,267	-	-	287,267	85,294	87,997	173,291	-	460,558
Depreciation	282,699	2,019	671,706	229,570	1,185,994	17,001	-	17,001	-	1,202,995
Equipment	77,526	17,787	-	(4,111)	91,202	-	-	-	-	91,202
Food costs	4,510,982	81,449	-	-	4,592,431	-	-	-	-	4,592,431
Insurance	-	1,106	-	42,212	43,318	33,223	-	33,223	-	76,541
Lease expense	1,903	366,547	-	10	368,460	10,523	1,624	12,147	-	380,607
Mail house services	3,546	6,885	-	18	10,449	571	92,212	92,783	-	103,232
Occupancy and utilities	104	50	-	737,154	737,308	85	53	138	-	737,446
Other expense	38,397	47,047	-	6,379	91,823	89,849	48,181	138,030	-	229,853
Professional fees	6,094	-	-	24,371	30,465	64,516	-	64,516	-	94,981
Property operation cost	-	-	1,740,790	-	1,740,790	-	-	-	(652,184)	1,088,606
Repairs and maintenance	28,035	51,587	-	69,660	149,282	42	-	42	-	149,324
Special events	-	-	-	-	-	-	172,237	172,237	-	172,237
Specific assistance	-	187,848	-	-	187,848	-	-	-	-	187,848
Supplies and office	175,765	67,188	-	6,299	249,252	126,087	77,149	203,236	-	452,488
Telephone	23,988	26,413	-	11,236	61,637	9,776	1,877	11,653	-	73,290
Travel, conferences and meetings	7,913	11,383	-	-	19,296	6,453	402	6,855	-	26,151
Total Operating Expenses	<u>5,662,061</u>	<u>1,154,576</u>	<u>2,412,496</u>	<u>1,141,079</u>	<u>10,370,212</u>	<u>452,152</u>	<u>481,732</u>	<u>933,884</u>	<u>(652,184)</u>	<u>10,651,912</u>
<u>Less: Eliminations</u>	<u>-</u>	<u>-</u>	<u>(652,184)</u>	<u>-</u>	<u>(652,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,184</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 8,417,576</u>	<u>\$ 2,953,270</u>	<u>\$ 1,760,312</u>	<u>\$ 1,667,075</u>	<u>\$ 14,798,233</u>	<u>\$ 1,097,403</u>	<u>\$ 1,061,515</u>	<u>\$ 2,158,918</u>	<u>\$ -</u>	<u>\$ 16,957,151</u>

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 565,111	\$ (1,388,505)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,284,516	1,202,995
Bad debts	-	20,848
Amortization of right-of-use asset - operating lease	8,720	8,720
Amortization of debt issuance cost	7,509	7,509
Net unrealized gains on investments	(275,244)	(331,490)
Income from investments in limited partnerships, net	(3,588)	(3,600)
Endowment investment income	(807)	(698)
Endowment restricted distributions	381	376
(Increase) Decrease in:		
Grants receivable	733,980	306,389
Accounts receivable - related parties, net	80,076	(174,932)
Other receivable	(140,959)	(70,171)
Pledges receivable, net	(749,564)	(101,764)
Rent receivable	10,518	(7,713)
Accrued interest receivable	3,838	4,364
Prepaid expenses and other	(25,991)	(104,402)
(Decrease) Increase in:		
Accounts payable	(26,606)	582,989
Payroll and related liabilities	466	26,974
Tenant security deposits	1,600	(1,800)
Accrued paid time off	(9,228)	39,268
Other liabilities	(82,041)	76,413
Prepaid rent	4,918	(29,418)
Operating lease liability	(8,381)	(8,076)
Accrued interest payable	(372)	(347)
Net Cash Provided by Operating Activities	<u>1,378,852</u>	<u>53,929</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of land, building and equipment	(966,474)	(258,617)
Payments on notes receivable	45,914	45,637
(Purchase) sale of investments, net	(849,609)	172,861
Change in beneficial interest in endowment funds	(426)	(322)
Net Cash Used in Investing Activities	<u>(1,770,595)</u>	<u>(40,441)</u>

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on mortgage payable	\$ (64,155)	\$ (59,860)
Endowment investment income	807	698
Endowment distributions	(381)	(376)
Distributions from investments in limited partnerships	3,939	-
Net Cash Used in Financing Activities	<u>(59,790)</u>	<u>(59,538)</u>
Net Decrease in Cash and Cash Equivalents and Restricted Cash	(451,533)	(46,050)
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	<u>5,513,419</u>	<u>5,559,469</u>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	\$ <u>5,061,886</u>	\$ <u>5,513,419</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	\$ <u>102,656</u>	\$ <u>106,922</u>
Cash paid for amounts included in measurement of operating lease liability	\$ <u>9,572</u>	\$ <u>9,572</u>

The accompanying notes are an integral part of the consolidated financial statements.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1 - Organization:

The consolidated financial statements of the Organization include the following entities:

Serving Seniors

Serving Seniors, is a California Nonprofit Public Benefit Corporation. Its mission is to help seniors in poverty live healthy and fulfilling lives.

Senior Housing Corporation

Senior Housing Corporation was established in February 2000 to own, manage, support and develop housing for low and/or moderate income citizens and/or housing for mentally, physically or developmentally challenged persons. The Board of Directors of Senior Housing Corporation are elected by the Board of Directors of Serving Seniors. Senior Housing Corporation has a 0.005% partnership interest in Market Square Manor Associates, LP.

Senior Housing Corporation became a partner of HDP Broadway Management, LLC. HDP Broadway Management, LLC was formed as a limited liability company under the laws of the State of California on July 22, 2013. HDP Broadway Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. Senior Housing Corporation has a 21.0% partnership interest in HDP Broadway Management, LLC. HDP Broadway Management, LLC has a 0.01% partnership interest in HDP Broadway, L.P.

Senior Housing Corporation became sole member of Fairmount SHC Housing, LLC. Fairmount SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Fairmount SHC Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low income persons. Fairmount SHC Housing, LLC has a .01% interest in Fairmount Senior Housing CIC, L.P.

Senior Housing Corporation became sole member of Ramona SHC Housing, LLC. Ramona SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on March 16, 2017. Ramona SHC Housing, LLC was established for the purpose and intent of acquiring real property provide and manage housing for low income persons. Ramona SHC Housing, LLC has a 0.51% partnership interest in Ramona Seniors CIC, L.P.

Senior Housing Corporation became a sole member of New Palace MGP SHC, LLC. New Palace MGP SHC, LLC was formed as a limited liability company under the laws of the State of California on July 21, 2017. New Palace MGP SHC, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. New Palace MGP SHC, LLC owns 21.0% of the voting stock of HDP New Palace Management, LLC. HDP New Palace Management, LLC has a 0.01% partnership interest in HDP New Palace, L.P.

New Palace MGP SHC, LLC has a 21.0% partnership interest in HDP Mariner's Village Management, LLC. HDP Mariner's Village Management, LLC has a 0.01% partnership interest in HDP Mariner's Village, L.P.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1 - Organization: (Continued)

Senior Housing Corporation (Continued)

Senior Housing Corporation became sole member of Mt. Etna Senior Housing, LLC. Mt. Etna Senior Housing, LLC was formed as a limited liability company under the laws of the State of California on March 6, 2019. Mt. Etna Senior Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low income persons. Mt. Etna Senior Housing, LLC has a 0.01% partnership interest in Messina CIC, L.P.

Senior Housing Corporation became a partner of HDP West Park Management, LLC on April 8, 2019. HDP West Park Management, LLC was formed as a limited liability company under the laws of the State of California on October 5, 2017. HDP West Park Management, LLC was established for the purpose and intent of acquiring real property and providing and managing housing for low income persons. In 2020, HDP West Park Management, LLC changed to a Corporation. Senior Housing Corporation has a 21.0% interest in HDP West Park Management, LLC. HDP West Park Management, LLC has a 0.009% partnership interest in HDP West Park, L.P.

Senior Housing Corporation became a sole member of San Diego SHC Housing, LLC. San Diego SHC Housing, LLC was formed as a limited liability company under the laws of the State of California on May 11, 2021. San Diego SHC Housing, LLC was established for the purpose and intent of acquiring real property and provide and manage housing for low-income persons.

City Heights Senior Housing Corporation

City Heights Senior Housing Corporation was established in September 2006 to own, manage, support and develop housing for low and/or moderate income senior citizens. The Board of Directors of City Heights Senior Housing Corporation are elected by the Board of Directors of Serving Seniors.

City Heights Square, L.P.

City Heights Square, L.P. was formed on April 1, 2005 for the purpose of acquiring, constructing, and operating a 151-unit multi-family apartment complex, known as City Heights Square Senior Apartments, located in San Diego, California. The Project rents all of the residential rental units to low-income tenants and operates in a manner intended to qualify for federal low-income housing tax credits ("Tax Credits") as provided for in Section 42 of the Internal Revenue Code ("IRC").

In 2022, the Investor and Administrative General Partner exited the City Heights Square, L.P. Serving Seniors has entered City Heights Square L.P. as Co-General Partner with a .005% share of the partnership. City Heights Senior Housing Corporation now assumes the shares of the Investor Limited Partnership – 99.989% share, Special Limited Partner - 0.001% and the Co-General Partner - .005% for a total partnership interest in City Heights Square, LP of 99.995%.

Pursuant to the Partnership Agreement, the term of the Partnership commenced as of March 25, 2005 and shall continue until December 2090, unless the Partnership is dissolved sooner.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1 - Organization: (Continued)

West Senior Wellness Center

West Senior Wellness Center was established in June 2009 as a Nonprofit Public Benefit Corporation to perform the charitable functions of and carry out the charitable purposes of Serving Seniors. Serving Seniors is the sole member. The Board of Directors of West Senior Wellness Center are elected by the Board of Directors of Serving Seniors.

The following is a brief description of the Organization's programs:

Nutrition Program

Serving Seniors' Senior Nutrition Program ensures almost 9,000 low-income seniors have access to a nutritious diet, providing over one million congregate and home-delivered meals a year. Meals are served from numerous congregate sites across San Diego County and delivered directly to homebound seniors each day.

Health and Social Services

Serving Seniors' team of health educators, social service case managers, and housing navigators provide an array of integrated health and social services that improve low-income seniors' health and well-being.

Case managers work one-on-one with clients to provide support for the complex, poverty-related issues that threaten their stability and well-being. For many clients without familial support, the case managers fill the role of a caring family member, providing a helping hand and a listening ear.

Housing Development

Serving Seniors provides robust senior housing programs that lift seniors out of homelessness and increase the stock of affordable senior housing in the region. The transitional housing program helps homeless seniors get off the streets by providing transitional housing and supportive services as a direct stepping stone to permanent affordable housing. Case managers help clients apply for entitlements, save and budget their money, access health and community services, provide life skills training, and make regular in-unit check-ins.

In 2024, Serving Seniors proudly launched the Permanent Supportive Housing (PSH) program, a transformative initiative designed to provide a stable pathway from emergency shelter to permanent housing. This program offers participants a permanent housing voucher, allowing them to contribute only 30% of their income toward rent - significantly enhancing housing affordability and long-term stability.

The PSH program also includes intensive case management, ensuring that individuals receive the comprehensive support needed to maintain housing and improve overall well-being. While the introduction of PSH has been a major milestone, it required the reallocation of 19 transitional housing vouchers due to proposed federal funding reductions from the Department of Housing and Urban Development. As a result, our emergency shelter capacity was adjusted from 36 to 17 units. This strategic decision reflects our commitment to prioritizing permanent housing solutions that offer enduring benefits to our clients. Serving Seniors remains actively engaged in securing additional funding to expand our emergency shelter program and restore unit capacity over time.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 1 - Organization: (Continued)

Housing Development (Continued)

Serving Seniors' affiliate entities Senior Housing Corporation and City Heights Senior Housing Corporation own 608 units of affordable senior housing. Serving Seniors provides meals, social services and socialization opportunities to senior residents across these sites.

Enrichment and Activities

Serving Seniors' enrichment and activities program reduces social isolation among low-income seniors by providing more than 1,700 classes and activities a year to stimulate the mind and body. Offered daily at Serving Seniors' Gary & Mary West Senior Wellness Center and partner sites across the county, activities include fitness classes, walking groups, health education, cultural enrichment, leadership training, creative writing workshops, arts and crafts, talent competitions, social activities, and much more.

Advocacy

Serving Seniors advocates on a local, state, and national level to mobilize meaningful policy change for older adults, and engages older adults in the civic process through leadership development and advocacy training.

Rental Real Estate

Potiker City Heights Residence in City Heights offers 150 studios and one-bedroom apartments. Amenities include complete kitchens in each unit, central AC/heating, patio, storage, a dining room, community/TV room, underground parking, and on-site meals, nurses, and social workers.

Note 2 - Significant Accounting Policies:

Consolidated Financial Statements

The consolidated financial statements of the Organization include the accounts of Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation, City Heights Square, L.P., and West Senior Wellness Center, which are collectively referred to as the "Organization". All material interorganizational transactions have been eliminated in consolidation.

Accounting Method

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

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

Risks and Uncertainties

The Organization invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements (Continued)

The Organization's consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Beneficial interest in endowment funds held by San Diego Foundation is considered a Level 3 asset which represents the fair value of the underlying assets as provided by San Diego Foundation (Note 14).

Allowance for Uncollectible Contributions Receivable

Bad debts are recognized on the allowance method, based on historical experiences and managements evaluation of contributions receivable. Management believes that all contributions receivable were fully collectible, therefore no provision for uncollectible contributions receivable was recorded at December 31, 2025 and 2024.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the consolidated statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the consolidated statements of financial position date, aging reports and historical information. Receivables are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. As more fully described in Note 9, the allowance for credit losses – accounts receivable – related parties totaled \$2,274,941 and \$2,119,596 at June 30, 2025 and 2024, respectively, while the allowance for credit losses – interest on notes receivable (Note 11) totaled \$2,243,709 and \$2,127,037 at June 30, 2025 and 2024, respectively.

Capitalization and Depreciation

The Organization capitalizes all land, building and equipment in excess of \$5,000 at cost, while donations of property and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Building and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Building	40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years
Leasehold improvements	5 - 31.5 years

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation (Continued)

Depreciation totaled \$1,284,516 and \$1,202,995 for the years ended June 30, 2025 and 2024, respectively. Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2025 or 2024.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for the Organization. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of property operation cost and totaled \$7,509 for each of the years ended June 30, 2025 and 2024, respectively.

Investments in Limited Partnerships

The Organization owns general partner interest in limited partnerships accounted for on the equity method.

Compensated Absences

Accumulated paid time off and other employee benefit amounts totaling \$292,577 and \$301,805 at June 30, 2025 and 2024, respectively, are accrued when incurred.

Tenant Security Deposits

Tenant security deposits totaling \$32,439 and \$34,610 as of June 30, 2025 and 2024 are included in cash and cash equivalents to satisfy the related security deposit liability totaling \$28,600 and \$27,000 at June 30, 2025 and 2024, respectively.

Revenue Recognition

Grants

Grants revenue is recognized in the period in which the related work is performed in accordance with the terms of the grant or contract. Grants receivable is recorded when revenue earned under a grant exceeds the cash received. Grants receivable totaled \$990,617 and \$1,724,597 at June 30, 2025 and 2024, respectively.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Contributions

Contributions including donations from seniors served are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Housing

The Organization provides supportive services for residents of affordable low-income housing projects in connection with agreements of several partnerships. The Organization earns fees based upon the agreements and recognizes revenue when the services have been provided. The Organization also provides developmental and administrative services to partnerships having an interest in the affordable low-income housing industry. The Organization earns fees based upon the agreements and recognizes the revenue based upon the completion of each performance obligation as defined in those agreements.

Rental Income and Prepaid Rent

Rental income attributable to a commercial lease is recorded when due from the occupant, generally upon the first day of each month. The lease is for a period of up to five years, with rental payments due monthly. Rental income attributable to residential leases is recorded when due from residents, generally upon the first day of each month. The Organization has elected to apply the short-term lease exception to all residential leases with a term of one-year or less. Rental payments received in advance are deferred and classified as liabilities until earned. Prepaid rent totaled \$14,466 and \$9,548 at December 31, 2025 and 2024, respectively.

Other Income

Other income consists of commissions, rebates and fees for contracted services other than housing and is recognized as revenue when the services have been provided.

Laundry and Vending Income

Laundry and vending income is recorded when service is provided.

Special Events Revenue

Special events revenue is recognized in the period the event occurs.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Materials

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2025 and 2024, did not meet the requirements above; therefore no amounts were recognized in the consolidated financial statements.

The following table summarizes donated space measured at fair value received for the years ended June 30:

2025				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated space	\$366,120	Program and supporting services	No associated donor restrictions	Donated rent is valued at the estimated fair value of similar properties available in commercial real estate listings.

2024				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated space	\$610,200	Program and supporting services	No associated donor restrictions	Donated rent is valued at the estimated fair value of similar properties available in commercial real estate listings.

Contributed rent consists of approximately 6,000 square feet of commercial space in downtown San Diego for the nutrition programs and administrative purposes. Additionally a commercial kitchen is used to support the congregate meals program.

Functional Allocation of Expenses

The consolidated statements of functional expenses present expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Income Taxes

Serving Seniors, Senior Housing Corporation, City Heights Senior Housing Corporation and West Senior Wellness Center (the “Entities”) are all public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes they have appropriate support for any tax position taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. These entities are not private foundations.

No provision or benefit for income taxes for the Limited Liability Companies and Limited Partnerships have been included in these consolidated financial statements since taxable income (loss) passes through to, and is reportable by, the Member/Partners individually.

The Entities’ Returns of Organization Exempt from Income Tax for the years ended June 30, 2025, 2024, 2023 and 2022 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

Concentrations

Credit Risk

The Organization maintains its cash and investments in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Revenue

Grants receivable includes \$842,229 and \$1,544,083 due from the County of San Diego at June 30, 2025 and 2024, respectively.

The Organization received \$12,482,621 and \$8,975,554 or 61% and 58% of its total revenue support and gains from four government agencies for senior nutrition/community enhancement for the years ended June 30, 2025 and 2024, respectively.

Leases

The Organization entered into an equipment lease (Note 20). Pursuant to the guidance for accounting for leases, the Organization accounts for the lease as operating lease.

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 2 - Significant Accounting Policies: (Continued)

Leases (Continued)

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate in determining the present value of lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Cash and Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The following is a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total in the consolidated statements of cash flows at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,703,447	\$ 4,950,036
Restricted reserves	<u>358,439</u>	<u>563,383</u>
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 5,061,886</u>	<u>\$ 5,513,419</u>

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 28, 2025, the date the consolidated financial statements were available to be issued.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization received contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 3 - Liquidity and Availability: (Continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,703,447	\$ 4,950,036
Investments	2,966,356	1,841,503
Investments restricted for endowment	750,000	750,000
Grants receivable	990,617	1,724,597
Accounts receivable - related parties, net	272,308	352,384
Other receivable	226,061	85,102
Pledges receivable	1,043,433	293,869
Rent receivable	11,112	21,630
Total financial assets	<u>10,963,334</u>	<u>10,019,121</u>
Less assets unavailable for general expenditures:		
Pledges receivable - noncurrent	(589,885)	-
Investments restricted for endowment	(750,000)	(750,000)
Restricted by governing body requiring approval for disbursement	<u>(3,172,198)</u>	<u>(2,913,469)</u>
Total financial assets not available to be used within one year	<u>(4,512,083)</u>	<u>(3,663,469)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,451,251</u>	<u>\$ 6,355,652</u>

In addition to financial assets available to meet general expenditures over the next 12 months the Organization has a line-of-credit agreement with available borrowings totaling \$1,000,000 as described in Note 15. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization's governing board has designated a portion of funds without donor restriction. These funds are subject to a spending policy and are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Directors as described in Note 19.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Mutual Funds:				
Fixed income funds	\$ 2,050,172	\$ -	\$ -	\$ 2,050,172
Exchange-traded funds	1,666,184	-	-	1,666,184
Beneficial interest in endowment funds (Note 14)	-	-	9,418	9,418
	<u>\$ 3,716,356</u>	<u>\$ -</u>	<u>\$ 9,418</u>	<u>\$ 3,725,774</u>
2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Mutual Funds:				
Fixed income funds	\$ 1,240,538	\$ -	\$ -	\$ 1,240,538
Large cap equity funds	900,974	-	-	900,974
International securities funds	364,975	-	-	364,975
Real estate securities funds	85,016	-	-	85,016
Beneficial interest in endowment funds (Note 14)	-	-	8,992	8,992
	<u>\$ 2,591,503</u>	<u>\$ -</u>	<u>\$ 8,992</u>	<u>\$ 2,600,495</u>

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 14 as indicated above.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the years ended June 30:

2025				
<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Significant Input Values</u>
Beneficial interest in endowment funds	\$ 9,418	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A
2024				
<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Significant Input Values</u>
Beneficial interest in endowment funds	\$ 8,992	Valuation of underlying assets as provided by San Diego Foundation	Base Price	N/A

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 5 - Investments:

Investments are stated at fair value and consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Mutual Funds	\$ 3,716,356	\$ 2,591,503

Investments are categorized in the consolidated statements of financial position as follows:

	<u>2025</u>	<u>2024</u>
Investments - Current	\$ 2,966,356	\$ 1,841,503
Investments - Restricted for endowment	750,000	750,000
Total Investments	<u>\$ 3,716,356</u>	<u>\$ 2,591,503</u>

The following schedule summarizes the investment income for the years ended June 30:

	<u>2025</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net unrealized gains	\$ 275,244	\$ -	\$ 275,244
Net realized gains	80,020	-	80,020
Income from investments in limited partnerships, net	3,588	-	3,588
Endowment investment income	-	807	807
Interest and dividend income	148,928	-	148,928
Total Investment Income	<u>\$ 507,780</u>	<u>\$ 807</u>	<u>\$ 508,587</u>

	<u>2024</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net unrealized gains	\$ 331,490	\$ -	\$ 331,490
Net realized gains	42,187	-	42,187
Income from investments in limited partnerships, net	3,600	-	3,600
Endowment investment income	-	698	698
Interest and dividend income	150,202	-	150,202
Total Investment Income	<u>\$ 527,479</u>	<u>\$ 698</u>	<u>\$ 528,177</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 6 - Other Receivable:

Other receivable represents outstanding commitments from donors for contributions that are yet to be received but are legally enforceable and measurable. The Organization reports a subsidy tenant receivable due from tenants under a subsidized housing program designed to assist low-income tenants. The government agency (Agency) agrees to pay a portion of the rent on behalf of the eligible tenants. The receivable is recognized when the Organization has provided the housing services but has not yet received the payment from the Agency.

Other receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Other receivables – related party	\$ 200,000	\$ 40,000
Subsidy tenant receivable	13,732	17,500
Other contributions receivable	12,329	27,602
	<u>\$ 226,061</u>	<u>\$ 85,102</u>

Note 7 - Grants Receivable:

Grants receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
County of San Diego - Aging and Independence Services	\$ 842,229	\$ 1,544,083
San Diego Housing Commission	116,070	-
City of San Diego - Transitional Housing	25,526	17,194
City of Oceanside - CDBG	6,792	5,226
City of San Diego – Bridge Senior Shelter	-	158,094
Total Grants Receivable	<u>\$ 990,617</u>	<u>\$ 1,724,597</u>

Note 8 - Pledges Receivable:

Pledges receivable consist of contributions pledged to Serving Seniors. Pledges receivable consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Pledges receivable due in less than one year	\$ 453,548	\$ 293,869
Pledges receivable due in one to five years	644,591	-
Less: Discount to present value, at 3.79%	<u>(54,706)</u>	<u>-</u>
Pledges receivable due in one to five years, net	589,885	-
Pledges Receivable, Net	<u>\$ 1,043,433</u>	<u>\$ 293,869</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 9 - Accounts Receivable - Related Parties:

Serving Seniors and its affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation, have provided development, management, supporting, and other services with respect to projects in which Serving Seniors has a general partner interest. Senior Housing Corporation has provided incentive management services to Market Square Manor Associates, L.P. Serving Seniors has the following receivables from these projects for funds that have been advanced in relation to development or for contracted services provided as follows at June 30:

	<u>2025</u>	<u>2024</u>
Market Square Manor Associates, L.P.	\$ 2,329,391	\$ 2,428,146
Potiker Family Senior Residence	88,125	-
Harris Family Senior Housing	51,500	16,667
Downey Senior Residence	31,244	-
HDP Broadway, L.P.	18,400	9,200
Ramona Senior CIC, L.P.	17,733	9,067
Mid-City Family Housing CIC, L.P.	5,356	3,400
HDP New Palace, L.P.	3,000	3,000
HDP Village North, LLC	2,500	2,500
Subtotal	<u>2,547,249</u>	<u>2,471,980</u>
Less: Allowance for credit losses	<u>(2,274,941)</u>	<u>(2,119,596)</u>
Total Accounts Receivable - Related Parties, Net	<u>\$ 272,308</u>	<u>\$ 352,384</u>

The accounts receivable from Market Square Manor Associates, L.P. is payable from available cash flow after all priority payments, as defined in the partnership agreement. Management has established an allowance for credit losses totaling \$2,274,941 and \$2,119,596 at June 30, 2025 and 2024, respectively. Management believes that all other accounts receivable from related parties are fully collectible, therefore no allowance for credit losses has been established.

Note 10 - Restricted Reserves:

Serving Seniors

Replacement Reserve

The Organization holds a replacement reserve account relating to the Market Square Manor Associates, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of \$91,024 and \$173,064 as of June 30, 2025 and 2024, respectively.

Operating Reserve

The Organization holds an operating reserve account relating to City Heights Square, L.P. to be used for any eligible capital items, reimbursable amounts, and routine maintenance items. The reserve account has a balance of \$-0- and \$26,581 as of June 30, 2025 and 2024, respectively.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 10 - Restricted Reserves: (Continued)

City Heights Square, L.P.

Replacement Reserve

The replacement reserve is held by Lument Capital, LLC in accordance with the provisions of the Regulatory Agreement to be used for replacement of property. The following is the detailed activity in the replacement reserve for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 363,738	\$ 255,068
Add: Deposits	124,164	131,532
Interest income	1,722	1,646
Less: Authorized withdrawals	<u>(222,209)</u>	<u>(24,508)</u>
Balance, End of Year	<u>\$ 267,415</u>	<u>\$ 363,738</u>

Note 11- Notes Receivable:

Notes receivable consist of the following at June 30:

Senior Housing Corporation has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the purchase of the land associated with the construction of Potiker Family Senior Residence. The note accrues interest at 5.05% per annum and is payable on December 6, 2056 (See Note 16). Accrued interest receivable totaled \$-0- (Accrued interest receivable of \$2,243,709 net of allowance of \$2,243,709) and \$-0- (Accrued interest receivable of \$2,127,037, net of allowance of \$2,127,037) at June 30, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
	\$ 2,310,334	\$ 2,310,334

Serving Seniors has a note receivable from Market Square Manor Associates, L.P., A California Limited Partnership, for the advance made to payoff and discharge a note held by Citibank. The loan closing fee of \$7,135 is reimbursable from Market Square Manor Associates, L.P. The note accrues interest at 5% per annum and is payable on June 15, 2034. Accrued interest totaled \$3,311 and \$7,149 at June 30, 2025 and 2024, respectively.

Total Notes Receivable, Net

	<u>562,820</u>	<u>608,734</u>
	<u>\$ 2,873,154</u>	<u>\$ 2,919,068</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 12 - Land, Building and Equipment:

Land, building and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 6,114,657	\$ 6,114,657
Building	31,888,724	31,888,724
Furniture and equipment	4,845,264	4,105,106
Vehicles	1,491,667	1,265,351
Leasehold improvements	1,313,682	1,313,682
Subtotal	<u>45,653,994</u>	<u>44,687,520</u>
Less: Accumulated depreciation	<u>(19,346,560)</u>	<u>(18,062,044)</u>
Land, Building and Equipment, Net	<u>\$ 26,307,434</u>	<u>\$ 26,625,476</u>

Note 13 - Investments in Limited Partnerships:

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Serving Seniors' affiliate entities, Senior Housing Corporation and City Heights Senior Housing Corporation own general partner interests in limited partnerships accounted for on the equity method. The following are the balances in the affiliated entities' capital accounts at June 30:

	<u>2025</u>	<u>2024</u>
Market Square Manor Associates, L.P. (0.005%)	\$ 265,213	\$ 265,224
HDP Mariner's Village, L.P. (0.002%)	3,134	3,811
HDP Broadway, L.P. (0.002%)	3,579	3,191
HDP New Palace, L.P. (0.002%)	2,093	2,141
Ramona Seniors CIC, L.P. (0.005%)	76	79
Total Investments in Limited Partnership	<u>\$ 274,095</u>	<u>\$ 274,446</u>

Note 14 - Beneficial Interest in San Diego Foundation:

The Organization has a beneficial interest in endowment funds held at San Diego Foundation (SDF), which is classified as with donor restrictions and must be maintained in perpetuity. The beneficial interest held by SDF is invested in a portfolio of equity and debt securities which is structured for long-term total return consisting of 40% global equities, 15% hedge funds, 10% fixed income, 25% alternative investments, and 10% real estate investments. The Organization receives distributions of earnings on an annual basis. The distributions are used to further the Organization's mission of providing the San Diego community with challenging and exciting music at a high artistic level. The Organization received \$381 and \$376 in distributions for the years ended June 30, 2025 and 2024, respectively.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 14 - Beneficial Interest in San Diego Foundation: (Continued)

The activity in the beneficial interest in endowment funds held by San Diego Foundation consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Balance, Beginning of Year	\$ 8,992	\$ 8,670
Investment income	807	698
Distribution	(381)	(376)
Total Beneficial Interest in Endowment Funds	<u>\$ 9,418</u>	<u>\$ 8,992</u>

Note 15 - Line-of-Credit:

Serving Seniors has a business line-of-credit with a financial institution, under which Serving Seniors is allowed to borrow up to \$1,000,000. Advances under this agreement bear interest equal to the financial institution's prime rate subject to change from time-to-time based on the changes in the rate as published in the Wall Street Journal. Under no circumstances will the interest on the note be less than 4.75% per year. The line-of-credit is secured by the accounts, inventory and equipment of the Organization and matures on December 21, 2025. There was no balance outstanding at June 30, 2025 and 2024.

Note 16 - Notes Payable:

Notes payable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Serving Seniors has entered into a Participation Agreement with Civic San Diego, the successor to the Redevelopment Agency of San Diego (Agency) and Market Square Manor Associates, LP (Partnership) whereby the Agency has conveyed title to land to the Organization with the understanding that the Partnership purchase the land for \$2,592,000, of which \$392,000 was paid by the Partnership to the Agency and the balance is evidenced by a purchase money note to Serving Seniors. (See Note 11). Should Serving Seniors not comply with the terms of the Participation Agreement, Serving Seniors must pay back to the Agency an amount equal to the net present value of the anticipated future residual receipts, calculated on the basis of a 10% discount rate for the balance of the 55-year term of the agreement. This value is assumed to be equal to the purchase money note due in December 2056. Secured by an Agency Deed of Trust. Accrued interest payable was calculated at 5.05% which totaled \$-0- (Accrued interest payable of \$2,445,209, net of allowance of \$2,445,209) and \$-0- (Accrued interest payable of \$2,333,804, net of allowance of \$2,333,804) at June 30, 2025 and 2024, respectively.		
Total Notes Payable	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 16 - Notes Payable: (Continued)

Future principal payments on notes payable are as follows:

Years Ended June 30	
2026	\$ -
2027	-
2028	-
2029	-
2030	-
Thereafter	2,200,000
	<u>\$ 2,200,000</u>

Note 17 - Mortgage Payable:

Mortgage payable consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
City Heights Square, L.P. has signed a promissory note with Red Mortgage Capital, Inc. (rebranded as Lument Capital in 2020) in the amount of \$2,100,000. The note bears simple interest at a rate 6.95% per annum and requires monthly principal and interest payments of \$13,901 payable in full on September 1, 2061. Secured by the property. Accrued interest payable totaled \$8,351 and \$8,723 at June 30, 2025 and 2024, respectively.		
Total Mortgage Payable	\$ 1,441,941	\$ 1,506,096
Less: Unamortized debt issuance costs	1,441,941	1,506,096
	(92,506)	(100,015)
Mortgage Payable, net	<u>\$ 1,349,435</u>	<u>\$ 1,406,081</u>

Future principal payments on mortgage payable are as follows:

Years Ended June 30	
2026	\$ 68,759
2027	73,693
2028	78,981
2029	84,648
2030	90,722
Thereafter	1,045,138
Total	<u>\$ 1,441,941</u>

Debt issuance costs total \$225,279 less accumulated amortization of \$132,773 and \$125,264 at June 30, 2025 and 2024, respectively.

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 18 - Net Assets:

Board Designated Net Assets

The Organization's governing board has designated a portion of its resources without donor restrictions for general operations. Board designated net assets totaled \$3,172,198 and \$2,913,469 as of June 30, 2025 and 2024, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by the Organization, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Health and social services	\$ 262,705	\$ 200,493
Wellness Center	194,943	23,926
Nutrition programs	<u>8,732</u>	<u>124,758</u>
Total Subject to Expenditure for Specified Purpose	<u>466,380</u>	<u>349,177</u>
Subject to the Passage of Time:		
Long-term pledges	589,885	-
Gala event	<u>123,750</u>	<u>237,500</u>
Total Subject to the Passage of Time	<u>713,635</u>	<u>237,500</u>
Perpetual in Nature:		
Endowments (Note 19)	<u>759,418</u>	<u>758,992</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,939,433</u>	<u>\$ 1,345,669</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Purpose Restrictions Accomplished:		
Wellness Center	\$ 407,983	\$ 506,333
Health and social services	382,339	440,517
Nutrition programs	146,025	59,067
Enrichment and activities	-	35,000
Time Restrictions Fulfilled	508,808	805,811
Endowment Distributions	<u>381</u>	<u>376</u>
Total Net Assets Released From Restrictions	<u>\$ 1,445,536</u>	<u>\$ 1,847,104</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 19 - Endowment Net Assets:

Serving Seniors' endowment consists of two individual funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Serving Seniors holds and manages one fund, with the other fund held and managed by the San Diego Foundation.

Web MD Health Preservation Endowment

In regards to the Web MD Health Preservation Endowment funds held and managed by Serving Seniors, Serving Seniors has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (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, Serving Seniors classifies as donor restricted net assets of a perpetual nature (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in donor restricted net assets of a perpetual nature is classified as donor restricted net assets with time restrictions until those amounts are appropriated for expenditure by Serving Seniors in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Serving Seniors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Serving Seniors and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Serving Seniors
- The investment policies of Serving Seniors

Serving Seniors considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Serving Seniors has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Serving Seniors has no underwater endowment funds at June 30, 2025 and 2024.

Serving Seniors has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a moderate level
- Comply with applicable laws

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 19 - Endowment Net Assets: (Continued)

Web MD Health Preservation Endowment (Continued)

Serving Seniors' endowment funds are invested in a diversified portfolio of mutual funds that are structured to satisfy its long-term rate-of-return objectives. Serving Seniors 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).

Serving Seniors is entitled to withdraw the lesser of five percent of the December 31st market value or any surplus above the original corpus of \$750,000 to be used in support of operational programs. It is anticipated that the distribution is paid out in a lump sum during the first calendar quarter. Changes to the 5% rule may be approved by the majority vote of the Board of Serving Seniors.

San Diego Foundation Managed Funds

The beneficial interest in endowment funds of Serving Seniors held by San Diego Foundation (the "SDF") are managed in accordance with UPMIFA. SDF's objective is to maintain the purchasing power (real value) of the endowment funds. However, from time to time, the fair value of the assets in the endowment fund may fall below the level that the donors require Serving Seniors to retain as a fund of perpetual duration. Donor restricted net assets of perpetual nature held by SDF are comprised of the following:

- The original value of gifts donated to the fund
- The original value of Serving Seniors funds transferred to the fund
- The original value of subsequent gifts donated to the fund
- Investment income and realized and unrealized gains and losses on investments
- Less: Distributions from the fund in accordance with the spending policy

SDF endowment funds are invested in a portfolio of equity and debt securities which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully defined asset classes. Funding available for each asset classification is invested by professional money managers hired by SDF through a competitive process. The investment performance of each money manager is monitored by an independent consultant hired by SDF.

SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at June 30:

	<u>2025</u> With Donor Restrictions <u>Perpetual</u>	<u>2024</u> With Donor Restrictions <u>Perpetual</u>
Web MD Health Preservation	\$ 750,000	\$ 750,000
Beneficial interest in endowment funds – San Diego Foundation	9,418	8,992
Total Endowment Net Assets	<u>\$ 759,418</u>	<u>\$ 758,992</u>

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Note 19 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	With Donor Restrictions <u>Time</u>	With Donor Restrictions <u>Perpetual</u>	<u>Total</u>
Endowment Net Assets at June 30, 2023	\$ 268,758	\$ 758,670	\$ 1,027,428
Investment income	-	698	698
Appropriation of endowment assets for expenditures	<u>(268,758)</u>	<u>(376)</u>	<u>(269,134)</u>
Endowment Net Assets at June 30, 2024	-	758,992	758,992
Investment income	-	807	807
Appropriation of endowment assets for expenditures	<u>-</u>	<u>(381)</u>	<u>(381)</u>
Endowment Net Assets at June 30, 2025	<u><u>\$ -</u></u>	<u><u>\$ 759,418</u></u>	<u><u>\$ 759,418</u></u>

Note 20 - Leases:

Serving Seniors leases office equipment through August 2028 with an option to purchase the equipment for its fair market value, renew the agreement, or return the equipment.

The following summarizes the line items in the consolidated statement of financial position which include amounts for the operating lease as of June 30:

	<u>2025</u>	<u>2024</u>
Operating lease right-of-use asset, net	\$ <u>26,886</u>	\$ <u>35,606</u>
Current portion of operating lease liability	\$ 8,694	\$ 8,381
Operating lease liability, net of current portion	<u>19,169</u>	<u>27,863</u>
Total operating lease liability	<u><u>\$ 27,863</u></u>	<u><u>\$ 36,244</u></u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term	38 months	50 months
Weighted average discount rate	3.67%	3.67%

SERVING SENIORS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 20 - Leases: (Continued)

The following is a schedule of the future minimum lease payments under the operating lease:

Years Ended <u>June 30</u>	
2026	\$ 9,572
2027	9,572
2028	9,572
2029	798
Total Lease Payments	<u>29,514</u>
Less: Discount	<u>(1,651)</u>
Total	<u><u>\$ 27,863</u></u>

In addition to the office equipment, Serving Seniors also has office and equipment leases which did not qualify under ASC 842. The following summarizes the line items in the consolidated statements of functional expenses which include the components of lease expense for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease cost:		
Amortization of right-of-use asset	\$ 8,720	\$ 8,720
Interest on operating lease liability	1,191	1,496
Short-term and variable lease cost	67,460	370,391
Total lease expense	<u><u>\$ 77,371</u></u>	<u><u>\$ 380,607</u></u>

Note 21 - Pension Plan:

403(b) Pension Plan

Serving Seniors sponsors a 403(b) pension plan covering substantially all of its employees. Each employee's total contribution may not exceed the maximum allowable under current regulations. The Organization matches the first 3% of eligible compensation contributed by the employee. The Organization also pays all administrative costs of this plan. All beneficiaries of the 403(b) plan are responsible for their own plan investment decisions. Matching contributions under this plan totaled \$88,820 and \$86,701 for the years ended June 30, 2025 and 2024, respectively and are included in employee benefits.