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ADOLESCENT COUNSELING SERVICES

FINANCIAL STATEMENTS

As of and for the years ended June 30, 2025 and 2024

ADOLESCENT COUNSELING SERVICES
JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adolescent Counseling Services:

Opinion

We have audited the accompanying financial statements of Adolescent Counseling Services (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Adolescent Counseling Services as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adolescent Counseling Services 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.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility 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 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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 Adolescent Counseling Services' 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 Adolescent Counseling Services' 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.

SD Mayer & Associates, LLP

San Francisco, California
April 1, 2026

ADOLESCENT COUNSELING SERVICES
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 299,792	\$ 225,826
Investments, at fair value	2,385,914	2,210,092
Unconditional pledges receivable, current portion, net of allowance of \$5,090 and \$13,524 for 2025 and 2024, respectively	73,508	81,165
Grants receivable, net of allowance of \$0 for 2025 and 2024	410,119	285,066
Prepaid expenses and other current assets	13,693	12,014
Total current assets	3,183,026	2,814,163
Non-Current Assets:		
Property and equipment, net	3,303	4,582
Unconditional pledges receivable, noncurrent portion, net of net of allowance of \$0 for 2025 and 2024	116,380	155,452
Operating lease right of use asset	360,766	429,531
Other assets	7,735	7,735
Total non-current assets	488,184	597,300
Total assets	\$ 3,671,210	\$ 3,411,463
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 28,896	\$ 8,728
Payroll and other liabilities	136,183	90,669
Operating lease liability, current portion	69,294	64,452
Total current liabilities	234,373	163,849
Operating lease liability, long-term portion	305,262	374,556
Total liabilities	539,635	538,405
Net Assets:		
Without donor restrictions	2,792,425	2,592,558
With donor restrictions	339,150	280,500
Total net assets	3,131,575	2,873,058
Total liabilities and net assets	\$ 3,671,210	\$ 3,411,463

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

ADOLESCENT COUNSELING SERVICES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025				2024			
	Without donor restrictions	Board-designated endowment	With donor restrictions	Total	Without donor restrictions	Board-designated endowment	With donor restrictions	Total
Support:								
Contributions from individuals, foundations and non-government grants	\$ 258,776	\$ -	\$ 1,252,585	\$ 1,511,361	\$ 160,231	\$ -	\$ 812,080	\$ 972,311
Government grants	-	-	138,979	138,979	-	-	137,465	137,465
Contributed materials, services and facilities	747,920	-	-	747,920	501,296	-	-	501,296
Total support	<u>1,006,696</u>	<u>-</u>	<u>1,391,564</u>	<u>2,398,260</u>	<u>661,527</u>	<u>-</u>	<u>949,545</u>	<u>1,611,072</u>
Revenue:								
Program fees	54,111	-	-	54,111	125,584	-	-	125,584
Special events	302,456	-	-	302,456	206,849	-	-	206,849
Investment gain, net of expenses of \$16,230 and \$6,844 for 2025 and 2024, respectively	275,871	-	-	275,871	241,322	-	-	241,322
Net assets released from restrictions	1,332,914	-	(1,332,914)	-	1,282,595	(233,550)	(1,049,045)	-
Total revenue	<u>1,965,352</u>	<u>-</u>	<u>(1,332,914)</u>	<u>632,438</u>	<u>1,856,350</u>	<u>(233,550)</u>	<u>(1,049,045)</u>	<u>573,755</u>
Total support and revenue	<u>2,972,048</u>	<u>-</u>	<u>58,650</u>	<u>3,030,698</u>	<u>2,517,877</u>	<u>(233,550)</u>	<u>(99,500)</u>	<u>2,184,827</u>
Expenses:								
Program services	2,461,943	-	-	2,461,943	1,740,701	-	-	1,740,701
Management and General	175,460	-	-	175,460	146,184	-	-	146,184
Fundraising	134,778	-	-	134,778	149,273	-	-	149,273
Total expenses	<u>2,772,181</u>	<u>-</u>	<u>-</u>	<u>2,772,181</u>	<u>2,036,158</u>	<u>-</u>	<u>-</u>	<u>2,036,158</u>
Change in net assets	199,867	-	58,650	258,517	481,719	(233,550)	(99,500)	148,669
Net assets, beginning of year	<u>2,592,558</u>	<u>-</u>	<u>280,500</u>	<u>2,873,058</u>	<u>2,110,839</u>	<u>233,550</u>	<u>380,000</u>	<u>2,724,389</u>
Net assets, end of year	<u>\$ 2,792,425</u>	<u>\$ -</u>	<u>\$ 339,150</u>	<u>\$ 3,131,575</u>	<u>\$ 2,592,558</u>	<u>\$ -</u>	<u>\$ 280,500</u>	<u>\$ 2,873,058</u>

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

ADOLESCENT COUNSELING SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	PROGRAM					SUPPORT			Total Program and Support
	On Campus Counseling	Adolescent Substance Abuse Treatment	Community Counseling	Outlet	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 489,280	\$ 224,474	\$ 167,145	\$ 301,934	\$ 1,182,833	\$ 71,279	\$ 56,057	\$ 127,336	\$ 1,310,169
Benefits	27,595	15,519	3,183	20,924	67,221	16,795	12,301	29,096	96,317
Payroll Taxes	34,267	23,150	11,791	23,542	92,750	11,895	4,806	16,701	109,451
Program expenses	134	-	85	215	434	-	-	-	434
Professional fees	-	-	-	-	-	36,011	-	36,011	36,011
Contracted services	150,673	29,036	30,469	23,257	233,435	6,855	10,572	17,427	250,862
Supplies	2,027	1,265	190	5,029	8,511	1,052	-	1,052	9,563
Telephone	1,814	921	681	1,358	4,774	1,720	588	2,308	7,082
Postage and shipping	-	-	-	11	11	133	3,437	3,570	3,581
Occupancy	28,219	8,809	8,809	21,499	67,336	11,927	9,655	21,582	88,918
Repairs and maintenance	5,740	1,672	1,650	4,060	13,122	5,545	5,741	11,286	24,408
Printing and publications	-	510	175	139	824	845	3,948	4,793	5,617
Conferences and meetings	510	280	156	4,148	5,094	3,277	8,329	11,606	16,700
Dues and fees	-	316	-	-	316	-	-	-	316
Insurance	2,636	922	922	2,186	6,666	5,599	1,006	6,605	13,271
Miscellaneous	2,294	624	900	1,170	4,988	-	554	554	5,542
Fundraising expenses	-	-	-	20,188	20,188	-	12,856	12,856	33,044
Advertising	2,613	412	412	486	3,923	468	50	518	4,441
Bank charges	-	-	-	-	-	437	15	452	452
Depreciation	-	-	-	-	-	1,279	-	1,279	1,279
Other expenses	4	708	720	2,810	4,242	343	2,220	2,563	6,805
Contributed Services and materials	515,890	44,120	75,480	109,785	745,275	-	2,643	2,643	747,918
Total	<u>\$ 1,263,696</u>	<u>\$ 352,738</u>	<u>\$ 302,768</u>	<u>\$ 542,741</u>	<u>\$ 2,461,943</u>	<u>\$ 175,460</u>	<u>\$ 134,778</u>	<u>\$ 310,238</u>	<u>\$ 2,772,181</u>

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

ADOLESCENT COUNSELING SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM				SUPPORT			Total Program and Support	
	On Campus Counseling	Adolescent Substance Abuse Treatment	Community Counseling	Outlet	Total Program Services	Management and General	Fundraising		Total Support Services
Salaries and wages	\$ 250,277	\$ 201,713	\$ 162,388	\$ 256,632	\$ 871,010	\$ 54,626	\$ 71,335	\$ 125,961	\$ 996,971
Benefits	5,508	9,201	6,742	10,757	32,208	12,709	10,788	23,497	55,705
Payroll Taxes	18,089	15,079	11,662	17,394	62,224	4,096	5,894	9,990	72,214
Program expenses	-	833	91	26	950	-	-	-	950
Professional fees	-	-	-	-	-	36,850	-	36,850	36,850
Contracted services	60,301	32,571	27,559	31,776	152,207	5,498	10,792	16,290	168,497
Supplies	-	355	164	924	1,443	1,233	851	2,084	3,527
Telephone	800	1,186	717	1,594	4,297	1,684	765	2,449	6,746
Postage and shipping	-	-	-	-	-	290	4,214	4,504	4,504
Occupancy	13,054	13,054	13,054	26,108	65,270	9,106	13,924	23,030	88,300
Repairs and maintenance	2,076	2,431	2,076	4,432	11,015	7,026	7,367	14,393	25,408
Printing and publications	400	455	-	428	1,283	360	1,752	2,112	3,395
Conferences and meetings	116	2,204	309	1,731	4,360	3,221	4,329	7,550	11,910
Insurance	1,806	1,806	1,806	3,612	9,030	3,540	1,927	5,467	14,497
Miscellaneous	219	2,430	427	239	3,315	420	588	1,008	4,323
Fundraising expenses	-	99	-	16,748	16,847	-	12,017	12,017	28,864
Advertising	645	75	-	657	1,377	821	410	1,231	2,608
Bank charges	-	-	-	-	-	219	24	243	243
Depreciation	-	-	-	-	-	1,279	-	1,279	1,279
Other expenses	-	1,356	1,349	2,572	5,277	222	2,296	2,518	7,795
Contributed Services and materials	267,680	76,270	60,360	94,002	498,312	2,984	-	2,984	501,296
Total	<u>\$ 620,971</u>	<u>\$ 361,394</u>	<u>\$ 288,704</u>	<u>\$ 469,632</u>	<u>\$ 1,740,701</u>	<u>\$ 146,184</u>	<u>\$ 149,273</u>	<u>\$ 295,457</u>	<u>\$ 2,036,158</u>

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

ADOLESCENT COUNSELING SERVICES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 258,517	\$ 148,669
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,279	1,279
Operating lease right of use asset	68,765	66,633
Net realized and unrealized gains on investment	(233,439)	(200,185)
Changes in assets and liabilities:		
Unconditional pledges receivable	46,729	17,965
Grants receivable	(125,053)	211,415
Prepaid expenses and other current assets	(1,679)	(1,102)
Accounts payable	20,168	(9,552)
Operating lease liability	(64,452)	(60,221)
Payroll and other liabilities	45,514	5,276
	16,349	180,177
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of investments	(58,613)	(190,900)
Proceeds from sale of investments	116,230	-
	57,617	(190,900)
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	73,966	(10,723)
Cash and cash equivalents, beginning of year	225,826	236,549
Cash and cash equivalents, end of year	\$ 299,792	\$ 225,826
Supplemental disclosure:		
Interest paid	\$ -	\$ -

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

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

1. Nature of Activities

Adolescent Counseling Services ("ACS or Organization") is a nonprofit 501(c)(3) organization, incorporated in 1975 in the state of California. ACS addresses the emotional developmental needs of adolescents and their families in Santa Clara and neighboring counties through the following programs:

The On-Campus Counseling Program: Founded in 1980, the mission of the On-Campus Counseling Program (OCCP) is to provide free counseling services for teens and their families at secondary schools. Bi-lingual services are provided when necessary and appropriate.

Adolescent Substance Abuse Treatment: is an outpatient treatment program for adolescents. A client can move progressively through three program levels or enter the program at any level according to individual need. The services are available to preteens, teens and their families, including parents and siblings on a sliding scale basis.

Community Counseling Program: Started in September 2008, the mission of the Community Counseling Program (CCP), formally known as After-School Counseling Program (ASCP), is to provide affordable out-patient assessment, treatment and education for all teens and their families in need of counseling services in our community.

Outlet: Offers support groups and leadership services to lesbian, gay, bisexual, transgender, queer/questioning, intersex, and asexual/ally+ (LGBTQIA+) youth. Outlet also works within community institutions to change how LGBTQIA+ youth are treated through its signature UNIQUE (Understanding Issues in the Queer Experience) trainings.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP").

Basis of Presentation

ACS reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions— Net assets not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that may or will be met by actions of ACS and/or passage of time. Donor restricted net assets was \$339,150 and \$280,500, as of June 30, 2025 and 2024, respectively.

Net assets without donor restriction include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Any net assets designated by the Board for specific purposes would also be categorized as net assets without donor restrictions.

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

2. **Significant Accounting Policies**, continued

Cash and Equivalents

For purposes of the Statement of Cash Flows, ACS considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Contributions

Contribution revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. Contributions and investment gains (losses) and income (loss) that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires or a condition is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are received from individuals, foundations, schools, and local governments such as a city or county.

Revenue from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures, are recognized as revenue when the organization has incurred expenditures in compliance with specific grant provisions or when the performance obligations are met and delivered. The Organization allocates the transaction price to the specific performance obligations. No amounts of the transaction price were allocated to unsatisfied performance obligations at June 30, 2025 and 2024. Amounts received prior to incurring qualifying expenditures are recorded as deferred revenue in the statements of financial position.

Unconditional Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected within future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the applicable discount rates in the years in which those promises are received. Amortization of the discounts is included in grants and contributions revenue. Conditional pledges receivable are not included as support until the conditions are substantially met. At June 30, 2025 and 2024, there were no known conditional pledges receivable. An allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Investments

Readily marketable equity and fixed income securities or mutual funds are carried at fair value, as determined by the last reported sales price on the date of valuation. The net investment income (loss) including changes in the fair value of investments is reflected in the statements of activities and changes in net assets. As of June 30, 2025 and 2024, there were no donor restrictions placed on investment income. Investment income was reported as an increase to net assets without donor restrictions.

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

2. Significant Accounting Policies, continued

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that ACS is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

Accounting for Uncertainty in Income Taxes

As required by generally accepted accounting principles, ACS recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. ACS considered all tax positions for which the statute of limitations remained open and determined there were no unrecognized tax benefits as of June 30, 2025 and 2024. The years ended June 30, 2021, 2022, 2023, and 2024 are still open to audit for both federal and state purposes.

Donated Material and Services

Donated materials are recorded as support at their estimated fair value at the date of donation. Such donations are recorded as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Donated materials in the statements of activities and changes in net assets amounted to \$2,645 and \$5,962 for years ended June 30, 2025 and 2024, respectively, with a corresponding offset recorded as support expenses in the accompanying statements of functional expenses.

ACS recognizes contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACS. Donated services in the statements of activities and changes in net assets amounted to \$745,275 and \$495,334 for the years ended June 30, 2025 and 2024, respectively, with a corresponding offset recorded as program and support expenses in the accompanying statements of functional expenses.

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.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the furniture and equipment ranging from 5 to 10 years.

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

2. Significant Accounting Policies, continued

Functional Expense Allocation

Functional expenses have been allocated between Program Services and Support Services based on an analysis of personnel time.

Fair Value Measurement

ACS defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, ACS considers the principal or most advantageous market in which ACS would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liability, such as inherent risk, transfer restrictions, and credit risk.

ACS applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—quoted prices in active markets for identical assets or liabilities. Included in this category are cash equivalents, mutual funds, and exchange traded funds.

Level 2—observable inputs other than quoted price in active markets for identical assets or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

ACS does not hold any investments determined to be Level 2 or 3.

There have been no significant changes in valuation techniques for these assets or liabilities for the years ended June 30, 2025 and 2024.

The carrying amounts of certain of ACS's financial instruments including cash and cash equivalents, investments, accounts receivable, unconditional pledges receivable, accounts payable, operating lease liability, and payroll liabilities approximate fair value due either to length of maturity or interest rates that approximate prevailing market rates.

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

2. Significant Accounting Policies, continued

Advertising Expense

ACS's expenses advertising costs as incurred. Advertising expense amounted to \$4,441 and \$2,608 for the years ended June 30, 2025 and 2024, respectively.

3. Grants Receivable

Grants receivable amounted to \$410,119, \$285,066, \$496,481 at June 30, 2025, 2024, and 2023, respectively. Based upon management's judgment, the allowance for credit losses on grants amounted to \$0 as of June 30, 2025 and 2024.

4. Unconditional Pledges Receivable

Unconditional pledges receivable represent pledges receivable which have been made by donors but have not yet been received. Unconditional pledges receivable due currently are reported at their net realizable value, which is estimated to approximate fair value due to their short maturity. Pledges receivable due in more than one year are recognized at fair value, based on expected collections using present value techniques and discount rates ranging from 0.91% to 6.43%. Net unconditional pledges receivable for which the time restrictions have not yet expired are recorded as net assets with donor restrictions. The allowance for credit losses on pledges amounted to \$5,090 and \$13,524 as of June 30, 2025 and 2024, respectively.

Total unconditional pledges receivable were as follows at June 30, 2025 and 2024:

	2025	2024
Less than one year	\$ 88,362	\$ 101,410
One to five years	141,900	159,350
	230,262	260,760
Less unamortized discount (0.91% - 6.42%)	(35,284)	(10,619)
Less allowance for uncollectible pledges receivable	(5,090)	(13,524)
Total unconditional pledges receivable	189,888	236,617
Less net unconditional pledges receivable, current	(73,508)	(81,165)
Net unconditional pledges receivable, noncurrent	\$ 116,380	\$ 155,452

Adolescent Counseling Services
Notes To Financial Statements
For The Years Ended June 30, 2025 and 2024

5. Investments, at Fair Value

Investments at June 30, 2025 and 2024 that are measured at fair value on a recurring basis consisted of the following:

	2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 1,320	\$ -	\$ -	\$ 1,320
Mutual funds	167,060	-	-	167,060
Exchange traded funds	2,217,535	-	-	2,217,535
Total	\$2,385,914	\$ -	\$ -	\$ 2,385,914
	2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 6,457	\$ -	\$ -	\$ 6,457
Mutual funds	160,664	-	-	160,664
Exchange traded funds	2,042,971	-	-	2,042,971
Total	\$2,210,092	\$ -	\$ -	\$ 2,210,092

The Organization did not have any financial liabilities that are measured at fair value at June 30, 2025 and 2024.

Net investment income for the years ended June 30, 2025 and 2024 consisted of:

	2025	2024
Investment Income (loss):		
Interest and dividends	\$ 58,662	\$ 47,981
Net realized and unrealized (losses) gains	233,439	200,185
Investment expenses and fees	(16,230)	(6,844)
Investment gain (loss), net	\$ 275,871	\$ 241,322

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6. Property and Equipment

Property and equipment consisted of the following at June 30, 2025 and 2024:

	2025	2024
Furniture and Equipment	\$ 21,533	\$ 21,533
Less accumulated depreciation	(18,230)	(16,951)
Total	\$ 3,303	\$ 4,582

Depreciation expense amounted to \$1,279 for both years ended June 30, 2025 and 2024.

7. Operating Leases

Effective July 1, 2022, the Organization adopted lease standard ASU 842 which requires a lessee to recognize the assets and liabilities that arise from its office leases. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The Organization uses the risk free rate in place when the lease was obtained.

In February 2023, the Organization leased a space in Redwood City, CA, for 86 months, ending March 2030. Base rent starts at \$6,289 in February 2023, and escalates annually to \$7,735 by February 2030.

Supplemental information related to the operating lease as of years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease right of use asset	\$ 360,766	\$ 429,531
Operating lease liability - current	69,294	64,452
Operating lease liability - long term	305,262	374,556
Total operating lease liability	\$ 374,556	\$ 439,008
Weighted average discount rate	3.43%	3.43%
Weighted average remaining lease term (in years)	5	6

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7. Operating Leases, continued

The maturities of operating lease liability as of June 30, 2025 were as follows:

June 30, 2026	\$ 81,069
June 30, 2027	83,506
June 30, 2028	86,008
June 30, 2029	88,587
June 30, 2030	<u>68,040</u>
Total minimum lease payments	407,210
Less amount representing interest	<u>(32,654)</u>
Present value of operating lease liability	374,556
Less current portion of operating lease liability	<u>(69,294)</u>
Operating lease liability - long term	<u><u>\$ 305,262</u></u>

Lease expense for the years ended June 30, 2025 and 2024 was \$83,022 and \$82,828, respectively, and is included with occupancy expenses in the statements of functional expenses.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
On Campus Counseling	\$ 51,650	\$ 60,000
Adolescent Substance Abuse Treatment	50,000	50,000
Community Counseling	-	33,000
Outlet	120,000	120,000
General Purpose - Time restricted	<u>117,500</u>	<u>17,500</u>
	<u><u>\$ 339,150</u></u>	<u><u>\$ 280,500</u></u>

9. Net Assets Released from Restrictions

Net assets were released from donor restrictions by satisfying the conditions for the following restricted purposes or passage of time during the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
On Campus Counseling	\$ 632,476	\$ 351,400
Adolescent Substance Abuse Treatment	92,661	57,465
Community Counseling	33,000	20,000
Outlet	320,058	298,879
General Purpose - Time restricted	<u>254,719</u>	<u>321,301</u>
	<u><u>\$ 1,332,914</u></u>	<u><u>\$ 1,049,045</u></u>

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10. Concentration of Credit Risk

Financial instruments which potentially subject ACS to credit risk consist primarily of cash and equivalents. Cash includes deposit accounts and investments in money market funds. ACS maintains cash with major financial institutions who are members of the Federal Deposit Insurance Corporation (FDIC) and money market funds with a Company who is a member of SIPC. At times, amounts in deposit accounts may exceed FDIC limits of \$250,000. ACS monitors the bank and investment balances and considers risk on a regular basis. Cash balances in excess of insurance was \$81,678 and \$0 for the years ended June 30, 2025 and 2024, respectively.

12. Liquidity and Availability of Resources

On June 30, 2025, the Organization has \$3,169,333 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$299,792, investments of \$2,385,914, grants receivable of \$410,119, and unconditional pledges receivable of \$73,508.

On June 30, 2024, the Organization has \$2,802,149 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$225,826, investments of \$2,210,092, grants receivable of \$285,066, and unconditional pledges receivable of \$81,165.

Certain financial assets are not available for general expenditure within one year due to donor-imposed restrictions. Donor-restricted funds are restricted for specific programs or purposes and cannot be used for general operating expenditures until the restrictions are satisfied. The Organization's donor-restricted funds are comprised of long-term unconditional pledges in the amount of \$339,150 and \$280,500 for the years ended June 30, 2025 and 2024, respectively.

The Organization has a goal to maintain financial assets on hand to meet around six months of normal operating expenses, which are on average approximately \$230,000 a month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

13. Subsequent Events

ACS evaluated subsequent events for recognition and disclosure through April 1, 2026, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in these financial statements other than what is noted below.

In August 2025, the Organization entered into a lease to acquire an additional 518 square feet of office space at their current location in Redwood City, with total leased space being 2,650 square feet. The lease for the combined space begins September 1, 2025 and ends March 31, 2030. Monthly payments begin at \$8,295 and gradually escalate to \$9,620.