NEXUS FAMILY HEALING

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Nexus Family Healing
Plymouth, Minnesota

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Nexus Family Healing and Affiliates (hereafter referred to as Nexus Family Healing), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nexus Family Healing as of December 31, 2024, and the change in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As described in Note 1 to the consolidated financial statements, Nexus Family Healing has elected not to consolidate Nexus – Woodbourne Family Healing due to Nexus – Woodbourne Family Healing operating under a June 30 fiscal year-end. The financial statements of Nexus – Woodbourne Family Healing as of and for the year ended June 30, 2024, were audited by Eide Bailly LLP, whose report dated January 21, 2025, expressed an unmodified opinion on those statements. In our opinion, accounting principles generally accepted in the United States of America require consolidation of this entity in the consolidated financial statements of Nexus Family Healing. The effects of not consolidating this entity are more fully described in Note 1 to the consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Nexus Family Healing and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Nexus Family Healing's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, 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 Nexus Family Healing's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nexus Family Healing's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Nexus Family Healing

Report on 2023 Consolidated Financial Statements

The consolidated financial statements of Nexus Family Healing as of December 31, 2023, were audited by other auditors whose report dated April 30, 2024, expressed a qualified opinion on those statements. As Nexus Family Healing has elected not to consolidate Nexus – Woodbourne Family Healing due to Nexus – Woodbourne Family Healing operating under a June 30 fiscal year-end.

Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary statement of financial position and statement of activities of Nexus Family Healing are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 30, 2025

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 15,980,395	$ 12,809,325
Operating Investments	46,282,882	41,723,930
Accounts Receivable, Net	13,164,567	12,899,335
Grants Receivable	544,600	480,178
Promises to Give	245,022	446,148
Prepaid Expenses and Other Current Assets	2,087,260	570,809
Total Current Assets	78,304,726	68,929,725
NONCURRENT ASSETS		
Property and Equipment, Net	50,959,246	53,870,929
Related Party Receivable	-	840,727
Investments - Other Long-Term	593,445	398,118
Right-of-Use Assets	3,180,402	5,208,890
Other Assets	30,380	28,686
Assets Held for Sale	1,193,836	-
Goodwill	806,316	806,316
Total Noncurrent Assets	56,763,625	61,153,666
Total Assets	$ 135,068,351	$ 130,083,391
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion - Bonds and Notes Payable	$ 1,072,604	$ 1,674,444
Accounts Payable, Other Accrued Expenses, and Other Liabilities	4,427,269	2,704,671
Related Party Payable	682,172	-
Contract Advance Payments	3,818,932	4,016,089
Accrued Salaries and Vacation	7,336,033	6,189,641
Current Maturities of Lease Liabilities	1,525,089	1,659,940
Total Current Liabilities	18,862,099	16,244,785
NONCURRENT LIABILITIES		
Bonds and Notes Payable, Net of Current Portion and Debt Issuance Costs	27,015,950	29,868,332
Lease Liabilities, Less Current Maturities	1,655,312	3,567,096
Total Noncurrent Liabilities	28,671,262	33,435,428
Total Liabilities	47,533,361	49,680,213
NET ASSETS		
Without Donor Restrictions	86,610,535	79,395,700
With Donor Restrictions	924,455	1,007,478
Total Net Assets	87,534,990	80,403,178
Total Liabilities and Net Assets	$ 135,068,351	$ 130,083,391

See accompanying Notes to Consolidated Financial Statements.

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT, AND GAINS			
Contract Revenue, Net	$ 101,238,086	$ -	$ 101,238,086
School Revenue	10,807,021	-	10,807,021
School Food Revenue	403,773	-	403,773
Administrative Fees	1,996,144	-	1,996,144
Grant and Contribution Revenue	5,889,106	1,087,821	6,976,927
Contribution of Nonfinancial Asset	257,396	-	257,396
Net Investment Return	4,683,584	-	4,683,584
Special Events, Net	285,868	-	285,868
Miscellaneous Revenue	1,243,009	-	1,243,009
Net Assets Released from Restrictions	1,170,844	(1,170,844)	-
Total Revenues, Support, and Gains	127,974,831	(83,023)	127,891,808
EXPENSES			
Program Services Expense:			
Residential Treatment and Mental Health Services	80,906,622	-	80,906,622
Foster Care and Adoption Services	15,441,845	-	15,441,845
Support Services Expense:			
Management and General	23,312,699	-	23,312,699
Fundraising	1,098,830	-	1,098,830
Total Expenses	120,759,996	-	120,759,996
CHANGE IN NET ASSETS	7,214,835	(83,023)	7,131,812
Net Assets – Beginning of Year	79,395,700	1,007,478	80,403,178
NET ASSETS – END OF YEAR	$ 86,610,535	$ 924,455	$ 87,534,990

See accompanying Notes to Consolidated Financial Statements.

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT, AND GAINS			
Contract Revenue, Net	$ 82,579,100	$ -	$ 82,579,100
School Revenue	10,672,011	-	10,672,011
School Food Revenue	512,779	-	512,779
Administrative Fees	1,638,200	-	1,638,200
Grant and Contribution Revenue	5,118,004	1,178,192	6,296,196
Contribution of Nonfinancial Asset	3,583,987	-	3,583,987
Net Investment Return	4,401,148	-	4,401,148
Special Events, Net	201,576	-	201,576
Miscellaneous Revenue	1,067,120	-	1,067,120
Net Assets Released from Restrictions	1,269,300	(1,269,300)	-
Total Revenues, Support, and Gains	111,043,225	(91,108)	110,952,117
EXPENSES			
Program Services Expense:			
Residential Treatment and Mental Health Services	64,621,597	-	64,621,597
Foster Care and Adoption Services	15,824,539	-	15,824,539
Support Services Expense:			
Management and General	21,167,362	-	21,167,362
Fundraising	1,113,965	-	1,113,965
Total Expenses	102,727,463	-	102,727,463
CHANGE IN NET ASSETS	8,315,762	(91,108)	8,224,654
Net Assets – Beginning of Year	71,079,938	1,098,586	72,178,524
NET ASSETS – END OF YEAR	$ 79,395,700	$ 1,007,478	$ 80,403,178

See accompanying Notes to Consolidated Financial Statements.

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services			Support Services		
	Residential Treatment and Mental Health Services	Foster Care and Adoption Services	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 52,318,044	$ 5,531,604	$ 57,849,648	$ 10,751,735	$ 1,629,985	$ 70,231,368
Employee Benefits and Payroll Taxes	10,484,111	2,278,076	12,762,187	4,978,488	378,203	18,118,878
Total Personnel Costs	62,802,155	7,809,680	70,611,835	15,730,223	2,008,188	88,350,246
Foster Care Services	-	4,960,639	4,960,639	2,177	-	4,962,816
Depreciation and Amortization	2,762,282	100,745	2,863,027	340,975	-	3,204,002
Building Rent	501,939	746,181	1,248,120	793,634	-	2,041,754
Contract Labor	1,658,280	200	1,658,480	1,168,914	-	2,827,394
Utilities	1,387,119	140,320	1,527,439	311,571	12,091	1,851,101
Auto and Travel	891,761	374,926	1,266,687	708,723	44,931	2,020,341
Insurance	1,527,786	201,025	1,728,811	404,428	16,167	2,149,406
Client Food	1,584,508	-	1,584,508	-	-	1,584,508
Office Expense	1,011,904	77,605	1,089,509	897,627	81,554	2,068,690
Consulting	1,052,528	294,586	1,347,114	98,703	-	1,445,817
Professional Services Fees	-	-	-	1,133,544	-	1,133,544
Interest	1,374,152	4,228	1,378,380	2,236	-	1,380,616
Licensing, Dues, and Fees	395,006	68,461	463,467	397,545	55,647	916,659
Resident Supplies	1,188,489	514,446	1,702,935	-	-	1,702,935
Maintenance	933,211	43,300	976,511	181,657	-	1,158,168
Staff Development	258,866	37,352	296,218	198,419	2,227	496,864
Client Recreation Expense	329,213	2,187	331,400	226	-	331,626
Hiring Expense	288,324	8,358	296,682	114,997	340	412,019
Credit Losses	52,050	395	52,445	86,430	-	138,875
Testing and Evaluation	37,831	-	37,831	-	-	37,831
Books and Subscriptions	53,327	88	53,415	13,907	429	67,751
School Supplies and Equipment	117,076	-	117,076	-	-	117,076
Reentry Facility	131,712	-	131,712	-	-	131,712
Youth Without Resources	1,906	3,242	5,148	-	28,455	33,603
Contribution Expense and Fundraising Allocation	517,146	53,156	570,302	583,215	(1,153,517)	-
Community Services	48,051	725	48,776	143,548	2,318	194,642
Total Expenses by Function	$ 80,906,622	$ 15,441,845	$ 96,348,467	$ 23,312,699	$ 1,098,830	$ 120,759,996

See accompanying Notes to Consolidated Financial Statements.

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services			Support Services		
	Residential Treatment and Mental Health Services	Foster Care and Adoption Services	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 47,912,896	$ 6,021,355	$ 53,934,251	$ 10,645,511	$ 1,536,323	$ 66,116,085
Employee Benefits and Payroll Taxes	3,510,768	1,194,378	4,705,146	2,706,695	146,591	7,558,432
Total Personnel Costs	51,423,664	7,215,733	58,639,397	13,352,206	1,682,914	73,674,517
Foster Care Services	27,253	5,648,093	5,675,346	1,745	-	5,677,091
Depreciation and Amortization	2,152,309	102,287	2,254,596	300,526	-	2,555,122
Building Rent	214,968	847,057	1,062,025	686,816	-	1,748,841
Contract Labor	1,908,340	5,067	1,913,407	1,456,364	-	3,369,771
Utilities	1,251,733	159,255	1,410,988	310,308	3,479	1,724,775
Auto and Travel	622,574	389,470	1,012,044	575,889	18,762	1,606,695
Insurance	1,199,736	208,467	1,408,203	412,863	31,334	1,852,400
Client Food	1,674,025	-	1,674,025	183	-	1,674,208
Office Expense	833,036	127,615	960,651	646,906	65,892	1,673,449
Consulting	(92,712)	248,158	155,446	455,584	26,113	637,143
Professional Services Fees	353,399	60,941	414,340	707,494	34,060	1,155,894
Interest	910,542	11,845	922,387	8,721	-	931,108
Licensing, Dues, and Fees	331,895	71,520	403,415	343,399	47,140	793,954
Resident Supplies	502,163	478,468	980,631	-	-	980,631
Maintenance	184,101	58,023	242,124	709,780	-	951,904
Staff Development	79,756	66,245	146,001	239,562	53	385,616
Client Recreation Expense	243,859	2,712	246,571	221	-	246,792
Hiring Expense	151,900	9,639	161,539	122,762	150	284,451
Credit Losses	161,105	14,230	175,335	98,610	-	273,945
Testing and Evaluation	45,217	523	45,740	153	-	45,893
Books and Subscriptions	40,320	241	40,561	9,241	124	49,926
School Supplies and Equipment	98,950	-	98,950	-	-	98,950
Reentry Facility	93,561	-	93,561	-	-	93,561
Youth Without Resources	-	9,631	9,631	-	33,442	43,073
Contribution Expense and Fundraising Allocation	125,820	89,319	215,139	617,094	(832,233)	-
Community Services	84,083	-	84,083	110,935	2,735	197,753
Total Expenses by Function	$ 64,621,597	$ 15,824,539	$ 80,446,136	$ 21,167,362	$ 1,113,965	$ 102,727,463

See accompanying Notes to Consolidated Financial Statements.

NEXUS FAMILY HEALING
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 7,131,812	$ 8,224,654
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,204,002	2,555,122
Loss on Disposition of Assets	2,795	3,866
Gain on Investments	(3,591,374)	(4,616,589)
Credit Losses	346,401	273,945
Contributed Property and Equipment Capitalized	-	(3,300,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivables	(611,633)	(337,019)
Grants Receivable	(64,422)	(480,178)
Promises to Give	201,126	-
Prepaid Expenses and Other Current Assets	(1,518,145)	24,414
Related Party Receivable (Payable)	1,522,899	(687,887)
Right-of-Use Assets	1,424,041	(4,754,946)
Accounts Payable, Other Accrued Expenses, and Other Liabilities	1,722,598	(1,390,413)
Contract Advance Payments	(197,157)	1,929,308
Lease Liabilities	(1,442,188)	4,801,468
Accrued Salaries and Benefits	1,146,392	788,883
Net Cash Provided by Operating Activities	9,277,147	3,034,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,452,536)	(19,289,143)
Purchase of Investments	(5,858,025)	(207)
Proceeds from Sale of Investments	4,695,120	723,687
Net Cash Used by Investing Activities	(2,615,441)	(18,565,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Notes Payable	-	17,500,000
Principal Payments on Bonds and Notes Payable	(3,490,636)	(2,468,764)
Net Cash Provided (Used) by Financing Activities	(3,490,636)	15,031,236
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,171,070	(499,799)
Cash and Cash Equivalents - Beginning of Year	12,809,325	13,309,124
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15,980,395	$ 12,809,325
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 1,380,616	$ 902,732
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities	$ 604,447	$ 2,108,240

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Nexus Family Healing (Nexus or the Organization) is a nonprofit Minnesota corporation, other than a private foundation, organized pursuant to Chapter 317 of Minnesota statutes and is exempt from federal income taxes under code section 501(c)(3).

The Organization provides critical family and child services and support in communities in Minnesota, North Dakota, Illinois, and Maryland. Many children are in need of services, including mental health, foster care, substance abuse, school-based services, child welfare, juvenile justice, and in-home support. Through a unique practice model centered on youth and families at the core, the Organization's growing continuum of care provides a broad spectrum of services in cases of immediate need as well as in the long run, in both residential and nonresidential settings. Nexus' mission is to strengthen lives, families, and communities through cornerstone values of honesty, responsibility, courage, care, and concern.

Affiliates, Principles of Consolidation, and Excluded Entities

Nexus provides services through its direct programmatic activities and the activities of its affiliated entities (Affiliates). Under generally accepted accounting principles, because they have both control and an economic interest in the Affiliates, they must be consolidated into the financial statements. However, the accompanying consolidated financial statements do not include all Affiliates, as indicated in the below table:

	Included in Financial Statements	Excluded from Financial Statements
Nexus Faily Healing:		
Gerard Academy	x	
Mile Lacs Academy	x	
Onarga Academy	x	
Indian Oaks Academy	x	
SERCC	x	
Aspen House	x	
East Bethel	x	
Waldon Crossing	x	
Nexus Foundation for Family Healing	x	
Nexus - FACTS Family Healing	x	
Nexus Diversified Community Services	x	
Nexus - Kindred Family Healing	x	
Nexus - PATH Family Healing	x	
Nexus - Woodbourne Family Healing and Woodbourne Center Charitable Trust		x

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Affiliates, Principles of Consolidation, and Excluded Entities (Continued)

Summary financial information for unconsolidated Affiliates is as follows:

	Total Assets	Total Liabilities	Total Revenue	Total Expenses
Nexus - Woodbourne Family Healing (1)	$ 12,605,794	$ 1,620,871	$ 23,192,384	$ 22,324,356

(1) Financial data per the entity's audited financial statements for the year ended June 30, 2024. There were no significant changes in operations for the year ended December 31, 2024.

Because Nexus – Woodbourne Family Healing is not consolidated into the consolidated financial statements, this is considered a departure from accounting principles generally accepted in the United States of America. The financial statements of Nexus – Woodbourne Family Healing as of and for the year ended June 30, 2024, were audited by Eide Bailly LLP, whose report dated January 21, 2025 expressed an unmodified opinion on those statements.

All significant intercompany accounts and transactions with affiliates included in the consolidated financial statements have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as Nexus.

Basis of Accounting

The consolidated financial statements contained herein have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for, nor restricted by, donors for long-term purposes are cash and cash equivalents. At times, deposits may be in excess of the Federal Deposit Insurance Corporation insurance limits. The Organization has not experienced any loss in such accounts and believes that they are not exposed to any significant credit risk on cash and cash equivalents.

Under an agreement with the workers' compensation insurance carrier for the Nexus treatment facilities in the state of Illinois, the Organization is required to maintain $100,000 in a bank account to fund potential future claims. The insurance carrier has the authority to withdraw funds from this account as claims arise. As of December 31, 2024, the balance in this account was $158,656, and is included in cash and cash equivalents in the accompanying consolidated financial statements.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF 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 therein 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. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. A donation is released from restriction when it is spent for its specific purpose, or when a donor restriction expires, that is, when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. 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. The Organization did not have any net assets with donor-imposed restrictions that are perpetual in nature.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of consolidated financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances, net of the allowance for credit losses, and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized, and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when deemed uncollectable. Management determines the allowance for credit losses on accounts receivable based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at December 31, 2024 and 2023, because the composition of the trade receivables at those dates is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its clients and payors and its lending practices have not changed significantly over time). Additionally, management has determined that the current, reasonable, and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. There were write-offs of $346,401 and $273,945 and no recoveries for both years ended December 31, 2024 and 2023, respectively.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and insurance companies.

The Organization’s fee for service receivables consist of the following as of December 31:

	2024	2023	2022
Accounts Receivable	$ 13,549,567	$ 13,159,113	$ 13,443,577
Less: Allowance for Credit Losses	(385,000)	(259,778)	(161,168)
Total Accounts Receivable, Net	$ 13,164,567	$ 12,899,335	$ 13,282,409

Grant Receivables

Grants receivable expected to be collected within one year are recorded at net realizable value. Grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The Organization determines the allowance for uncollectable receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grant receivables are written off when deemed uncollectable. No allowance was warranted as of December 31, 2024 and 2023. All grants as of December 31, 2024 and 2023, were expected to be collected within one year.

Property and Equipment

Equipment additions over $500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Organization reviews the carrying values of equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2024 and 2023.

Assets Held for Sale

The Organization has property and equipment held for sale as of December 31, 2024. These assets have been transferred net of depreciation from land, building, building improvements, land improvements, furnishings and equipment, and administrative equipment, and placed into assets held for sale on the statements of consolidated financial position.

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statements of consolidated financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-lined basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred and these leases are not included as lease liabilities or ROU assets on the statements of consolidated financial position.

The individual lease contracts for facilities and equipment do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2024 and 2023, the carrying value of the Organization’s goodwill was not considered impaired.

Contract Advance Payments

Contract advance payments consist of program service fees in which performance obligations have not been met.

The Organization’s contract advance payments consist of the following as of December 31:

	2024	2023	2022
Contract Advance Payments	$ 3,818,932	$ 4,016,089	$ 2,086,781

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method which approximates the effective interest rate method. Debt issuance costs are included within long-term debt on the consolidated statements of consolidated financial position. Amortization of debt issuance costs is included in interest expense in the consolidated statements of activities.

Revenue and Revenue Recognition

The Organization recognizes revenue from contract revenue as the services are provided. Contract revenue includes revenues from residential treatment, foster care and adoption services, targeted case management, and therapy services. The performance obligation of delivering goods and services is simultaneously received and consumed by the clients/customers; therefore, the revenue is recognized over time as these performance obligations are satisfied.

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

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of consolidated financial position. The Organization has been awarded cost reimbursable grants of $4,009,649 that have not been recognized as revenue at December 31, 2024 because qualifying expenditures have not yet been incurred.

Administrative Fee Revenue

Revenue is recognized from administrative services as the services are provided. Revenue is earned by Nexus on an annual basis based on 17% and 18% as of December 31, 2024 and 2023, respectively, of the gross payroll of each individual affiliate, plus additional amounts that may be charged to each affiliate in accordance with the administrative services agreements. Amounts on consolidated financial statements represent portion that has not been eliminated.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Nexus records donated professional services at the respective fair values of the services received. During the year ended December 31, 2023, contributed nonfinancial assets for the year was the difference between the fixed assets recorded at the value of the building, furniture, and furnishings acquired less the amount of debt assumed for the property. The difference between the fair value and debt assumed that was recognized at December 31, 2023, was $3,300,000. During the year ended December 31, 2024, there were no similar in-kind contributions. Contributions of goods and services were received during the years ended December 31, 2024 and 2023, totaling $257,396 and $287,520, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building rent, depreciation, and amortization, which are allocated on a square footage basis. All other expenses that are allocated across more than one function are allocated on the basis of estimates of time and effort.

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Nexus and its related affiliates, except Nexus – FACTS Family Healing, have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Nexus – FACTS Family Healing files a U.S. Corporation Income Tax Return (Form 1120) with the IRS to report its taxable income.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through April 30, 2025, the date the consolidated financial statements were issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2024	2023
Cash and Cash Equivalents	$ 15,980,395	$ 12,809,325
Operating Investments	46,282,882	41,723,930
Accounts Receivable	13,164,567	12,899,335
Grants Receivable	544,600	480,178
Promises to Give	245,022	446,148
Total	76,217,466	68,358,916
Less: Net Assets With Donor Restrictions	(924,455)	(1,007,478)
Total, Net	$ 75,293,011	$ 67,351,438

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has financial assets available to meet general expenditures over the next 12 months. Please see the Organization's statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the 12 months ended December 31, 2024. Additionally, the Organization maintains a $4,000,000 line of credit, as discussed in more detail in Note 5. As of December 31, 2024 and 2023, $4,000,000 remains available on the Organization's line of credit.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2024	2023
Land and Improvements	$ 3,101,053	$ 3,325,768
Buildings and Improvements	64,229,238	65,996,494
Leasehold Improvements	5,122,605	4,742,415
Equipment	9,423,698	8,534,437
Vehicles	1,320,637	1,406,600
Total Property and Equipment	83,197,231	84,005,714
Less: Accumulated Depreciation	(32,237,985)	(30,134,785)
Total Property and Equipment, Net	$ 50,959,246	$ 53,870,929

NOTE 4 FAIR VALUE MEASUREMENT

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they are comprised of common stocks and open-end mutual funds with readily determinable fair values based on daily redemption values. Mutual funds are invested and traded in the financial markets. U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 1. Corporate bonds are valued using pricing models maximizing the use of the observable inputs for similar securities; this includes basing value on yields currently available on comparable securities of issue with similar credit ratings and are classified within Levels 1 or 2. Municipal bonds are valued by using observable trades to develop fair value estimates, and when trade histories are not available, a discounted cash flow model is used, incorporating key inputs such as coupon, discount rate, and expected repayment dates, and are classified within Level 2.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents assets measured at fair value on a recurring basis at December 31:

	2024			
	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	$ 5,888,605	$ -	$ -	$ 5,888,605
Corporate Bonds	9,687,720	3,266,503	-	12,954,223
Municipal Bonds	-	476,545	-	476,545
U.S. Government Securities	3,308,163	-	-	3,308,163
Common Stock	24,248,791	-	-	24,248,791
Total Investments	$ 43,133,279	$ 3,743,048	$ -	$ 46,876,327

	2023			
	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual Funds	$ 5,074,149	$ -	$ -	$ 5,094,981
Corporate Bonds	9,470,496	2,726,040	-	12,196,536
Municipal Bonds	-	474,770	-	474,770
U.S. Government Securities	3,516,741	-	-	3,516,741
Common Stock	20,839,020	-	-	20,839,020
Total Investments	$ 38,900,406	$ 3,200,810	$ -	$ 42,122,048

NOTE 5 LINE OF CREDIT

Nexus has a $4,000,000 revolving line of credit with a bank, with its assets pledged as collateral. Accrued interest is due monthly, and the principal is due on demand. At December 31, 2024 and 2023, the interest rate was 4.25% and $-0- was outstanding under the line of credit.

A portion of Nexus' long-term investment portfolio was pledged as collateral for a line of credit issued to the Organization.

NOTE 6 BOND AND NOTES PAYABLE

Indian Oaks Academy Campus

On September 6, 2013, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the Village of Manteno in Illinois. Capital Improvement Revenue Bonds in the amount of $10,000,000 were issued by the Village of Manteno. The primary use of these funds was to purchase and construct a new campus at Nexus Family Healing's Indian Oaks location. Primary collateral for the bonds are buildings, building contents, and land located in the Village of Manteno. Additionally, the bond documents identify a security interest in all operating bank accounts of NDCS and Nexus Family Healing as they pertain to the Indian Oaks Academy operation and accounts receivable of Nexus Family Healing that are related to its Indian Oaks Academy operation.

The bonds are payable in monthly installments over a 20-year period beginning October 1, 2013, and continuing until September 1, 2033, at which point all remaining principal and interest is due. For the years ended December 31, 2024 and 2023, the monthly installment amounts were $56,344 and $53,194, respectively, which includes principal and interest at 4.56% and 4.08%, respectively, per annum. The effective interest rate for 2024 and 2023 is 4.16%.

	2024	2023
Bonds Payable	$ 6,867,719	$ 7,173,794
Less: Unamortized Debt Issuance Costs	(146,437)	(183,460)
Bonds Payable, Net	$ 6,721,282	$ 6,990,334

Mille Lacs Academy Campus

On November 6, 2015, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the City of Onamia in Minnesota. Healthcare Facilities Revenue Bonds in the amount of $5,000,000 were issued by the City of Onamia. The primary use of these funds was to pay off the original financing and provide current financing for Nexus Family Healing's property at its Mille Lacs Academy Campus. Primary collateral for the bonds are buildings, building contents, and land located in the City of Onamia at Nexus Family Healing's Mille Lacs Academy Campus location.

The bonds are payable in monthly installments over a 13-year period beginning December 6, 2015, and continuing until November 6, 2028, at which point all remaining principal and interest is due. Interest was adjusted to 4.6% per annum in November 2022. The monthly installment amounts are $40,820, which includes principal and interest. The effective interest rate as of December 31, 2024 and 2023 is 2.90%.

	2024	2023
Bonds Payable	$ 1,838,787	$ 2,267,719

NOTE 6 BOND AND NOTES PAYABLE (CONTINUED)

Gerard Academy Campus

On December 1, 2015, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the City of Onamia in Minnesota. Healthcare Facilities Revenue Bonds in the amount of $5,000,000 were issued by the City of Onamia. The primary use of these funds was to pay off the existing bonds and obtain a lower interest rate for Nexus Family Healing's Gerard Academy Campus. Primary collateral for the bonds are buildings, building contents, and land located in the City of Austin at Nexus Family Healing's Gerard Academy Campus location.

The bonds are payable in monthly installments over a 14-year period beginning January 1, 2016, and continuing until December 1, 2029, at which point all remaining principal and interest is due. Interest was adjusted to 4.3% per annum in December 2022. The monthly installment amounts are $38,357, which includes principal and interest. The effective interest rate for 2024 and 2023 is approximately 3%.

	2024	2023
Bonds Payable	$ 2,149,056	$ 2,492,878

Notes payable at December 31 consist of the following:

Description	2024	2023
3.85% note payable, due in monthly installments of $14,672, including interest, through March 25, 2025. The original maturity date was principal due on June 2, 2022 and refinanced in March 2022. Secured by property at 1425 21st Avenue, Minot, North Dakota	$ -	$ 214,071
4.95% note payable, due in quarterly $150,000 installments, plus interest, through January 2024. Secured by assets of the Organization.	-	300,000
Business day rate on the U.S. Treasury securities plus 2.3% note payable due in yearly installments of $27,516 plus interest through January 4, 2031.	-	259,530
3.25% Note Payable, See (A) Below	-	302,538
3.25% Note Payable, See (B) Below	758,381	795,615
4.37% Note Payable, See (C) Below	-	794,456
4.56% Note Payable, See (D) Below	9,505,179	9,786,077
4.56% Note Payable, See (E) Below	7,115,869	7,339,558
Total	17,379,429	19,791,845
Less: Portion Due Within One Year	(444,047)	(575,781)
Long-Term Portion, Net	$ 16,935,382	$ 19,216,064

NOTE 6 BOND AND NOTES PAYABLE (CONTINUED)

(A) Steps of Success – Andover

On January 4, 2021, Nexus Diversified Community Services obtained a mortgage loan from Bremer Bank in the amount of $408,000 for the Andover location. The promissory note was payable in monthly installments of $3,994, which included principal and interest, over a 10-year period beginning February 1, 2021, and continuing until January 4, 2031. Primary collateral for the loan was the capital asset. Interest was calculated at 3.25% per annum. The effective interest rate for 2024 and 2023 was 3.30%. The note was paid in full in 2024.

(B) Luther Hall

On April 9, 2021, Nexus Diversified Community Services obtained a mortgage loan from Bremer Bank in the amount of $880,000 for Luther Hall in North Dakota. The promissory note is payable in monthly installments of $5,008, which includes principal and interest over a 10-year period beginning April 1, 2021, and continuing until April 1, 2031. Primary collateral for the loan is the capital asset. Interest is calculated at 3.25% per annum. The effective interest rate for 2024 and 2023 is 3.30%.

(C) Gerard Expansion

On September 2, 2022, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $1,000,000 for the Gerard Expansion. The promissory note was payable in monthly installments of $18,613, which included principal and interest over a five-year period beginning October 1, 2022, and continuing until September 1, 2027. Primary collateral for the loan was the capital asset. Interest was calculated at 4.37% per annum. The effective interest rate for 2024 and 2023 was 4.46%. The note was paid in full in 2024.

(D) East Bethel

In August 2023, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $10,000,000 for East Bethel. The promissory note is payable in monthly installments which begin as interest only payments of $28,500 through September 16, 2025, and then payments of $56,025, which includes principal and interest over the remaining period beginning October 16, 2025, and continuing until August 16, 2050. Primary collateral for the loan is the capital asset. Interest is calculated at 4.56% per annum. The effective interest rate for 2024 and 2023 is 4.66%.

(E) East Bethel

In August 2023, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $7,500,000 for East Bethel. The promissory note is payable in monthly installments which begin as interest only payments of $28,500 through September 16, 2025, and then payments of $42,019, which includes principal and interest over the remaining period beginning October 16, 2025, and continuing until August 16, 2050. Primary collateral for the loan is the capital asset. Interest is calculated at 4.56% per annum. The effective interest rate for 2024 and 2023 is 4.66%.

NOTE 6 BOND AND NOTES PAYABLE (CONTINUED)

Future maturities of bonds and notes payable are as follows:

Years Ending December 31,	Amount
2025	$ 1,775,467
2026	1,680,094
2027	1,757,492
2028	1,796,697
2029	1,420,690
Thereafter	20,178,810
Total	28,609,250
Less: Unamortized Debt Issuance Costs	(520,696)
Total	$ 28,088,554

According to the terms of the bond and note payable agreements, the Organization is subject to various financial covenants that apply to the consolidated entities of Nexus. The bond documents establish minimum levels for cash on hand and net assets. In addition, the Organization is required to meet a minimum debt service coverage ratio of 1.2. The Organization is in compliance with all bond covenants.

NOTE 7 EMPLOYEE BENEFITS

The Organization sponsors a tax-deferred retirement plan (the Plan) qualified under Section 401(k) of the Internal Revenue Code covering substantially all full-time employees. Under the Plan, Nexus matches employee elective deferrals 100% for the first 1% of wages deferred, and 50% additional deferrals up to a maximum of 6%. Employee deferrals vest immediately; employer matching contributions vest after two years. During the years ended December 31, 2024 and 2023, the Organization matched employee elective deferrals by contributing $1,677,530 and $1,443,987, respectively, to the Plan.

NOTE 8 MAJOR CUSTOMERS

A major portion of the Organization’s operations is dependent upon one large customer. The loss of this customer could have a material adverse effect on the operations. During the years ended December 31, 2024 and 2023, this customer accounted for approximately 27% and 32%, respectively, of contract revenue.

NOTE 9 LEASES

The Organization leases office space, vehicles, and equipment under various operating leases, expiring at various dates through 2032. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

NOTE 9 LEASES (CONTINUED)

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for all classes of leases.

The following table summarizes the Organization's right-of-use assets and lease liability for the years ended December 31.

	2024	2023
Right-of-Use Assets:		
Financing Leases, Net	$ 727,481	$ 503,869
Operating Leases	2,452,921	4,705,021
Total	$ 3,180,402	$ 5,208,890
Lease Liabilities:		
Current:		
Financing Leases	$ 326,767	$ 121,262
Operating Leases	1,198,322	1,538,678
Noncurrent:		
Financing Leases	418,209	336,008
Operating Leases	1,237,103	3,231,088
Total	$ 3,180,401	$ 5,227,036

The following table provides quantitative information concerning the Organization's leases for the years ended December 31.

	2024	2023
Finance Lease Costs:		
Amortization of ROU Assets	$ 305,783	$ 149,655
Interest on Lease Liabilities	26,974	10,993
Operating Lease Costs	19,222,440	2,088,547
Other Lease Costs	160,364	-
Total Lease Costs	$ 19,715,561	$ 2,249,195
Other Information:		
Finance Lease - Operating Cash Flows	$ 26,923	$ 10,993
Finance Lease - Financing Cash Flows	$ 297,458	$ 145,851
Operating Lease - Operating Cash Flows	$ 1,431,650	$ 1,992,523
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liability	$ -	$ 1,904,144
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liability	$ 604,447	$ 204,096
Weighted Average Lease Term - Finance Leases	2.69 Years	2.98 Years
Weighted Average Lease Term - Operating Leases	0.17 Years	0.46 Years
Weighted Average Discount Rate - Finance Leases	4.03%	3.46%
Weighted Average Discount Rate - Operating Leases	1.49%	1.37%

NOTE 9 LEASES (CONTINUED)

The future minimum lease payments under noncancelable leases with terms greater than one year are listed below as of December 31, 2024:

Year Ending December 31,	Operating Leases	Finance Leases
2025	$ 1,198,322	$ 326,767
2026	502,427	272,485
2027	257,587	138,202
2028	265,384	46,338
2029	273,363	1,922
Thereafter	103,922	160
Total Lease Payments	2,601,005	785,874
Less: Interest	(165,580)	(40,898)
Present Value of Lease Liabilities	$ 2,435,425	$ 744,976

NOTE 10 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following represents contract revenue recognized over time, as reported on the consolidated statements of activities, at a disaggregated by type, for the years ended December 31:

	2024	2023
Residential Treatment and Related Program Services	$ 77,259,034	$ 60,520,875
Foster Care Services	12,416,884	12,702,004
Case Management and Other Therapy Services	10,389,539	8,379,079
Adoption Services	402,942	492,994
Other	769,687	484,148
Total	$ 101,238,086	$ 82,579,100

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2024	2023
Youth Without Resources	$ 149,240	$ 155,699
Starfish Program	71,659	71,659
Various Purpose Restrictions	703,556	780,120
Total	$ 924,455	$ 1,007,478

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were 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 as follows during the years ended December 31:

	2024	2023
Youth Without Resources	$ 28,456	$ 82,039
Various Purpose Restrictions	1,142,388	1,187,261
Total	$ 1,170,844	$ 1,269,300

NOTE 12 RELATED PARTY TRANSACTIONS

Nexus – Woodbourne Family Healing (Woodbourne) operates a treatment facility in Baltimore, Maryland, whose mission and programmatic activity is substantially the same as Nexus. Because Nexus has both control and an economic interest in Woodbourne, but activities of Woodbourne have been excluded from these consolidated financial statements (see Note 1), transactions with Woodbourne have not been eliminated in consolidation and are disclosed as related party transactions.

The Organization had the following transactions with Woodbourne:

	2024	2023
Related Party Receivables - Beginning of Year	$ 840,727	$ 352,840
Charges for Various Operational Expenses	3,899,710	806,418
Charge for Management Services Provided by Nexus	1,996,144	1,638,200
Net Payments	(7,418,753)	(1,956,731)
Related Party Receivables (Payables) - End of Year	$ (682,172)	$ 840,727

Amounts due to/from affiliates do not accrue interest income or expense.

NEXUS FAMILY HEALING
SUPPLEMENTARY STATEMENT OF FINANCIAL POSITION OF NEXUS FAMILY HEALING
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 12,603,663
Operating Investments	1,111
Accounts Receivable, Net Allowance for Credit Losses of $360,000	10,647,359
Prepaid Expenses and Other Current Assets	2,032,331
Total Current Assets	25,284,464
NONCURRENT ASSETS	
Property and Equipment, Net	2,727,887
Related Party Receivable	17,399,011
Right-of-Use Assets	9,520,588
Goodwill	755,316
Total Noncurrent Assets	30,402,802
Total Assets	$ 55,687,266
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable, Other Accrued Expenses, and Other Liabilities	$ 3,962,957
Contract Advance Payments	3,709,472
Accrued Salaries and Vacation	6,088,035
Current Maturities of Lease Liabilities	1,266,976
Total Current Liabilities	15,027,440
NONCURRENT LIABILITIES	
Lease Liabilities, Less Current Maturities	8,253,611
Total Noncurrent Liabilities	8,253,611
Total Liabilities	23,281,051
NET ASSETS	
Without Donor Restrictions	32,276,968
With Donor Restrictions	129,247
Total Net Assets	32,406,215
Total Liabilities and Net Assets	$ 55,687,266

NEXUS FAMILY HEALING
SUPPLEMENTARY STATEMENT OF ACTIVITIES OF NEXUS FAMILY HEALING
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, SUPPORT, AND GAINS			
Contract Revenue, Net	$ 80,710,986	$ -	$ 80,710,986
School Revenue	10,807,021	-	10,807,021
School and Other Food Revenue	393,596	-	393,596
Administrative Fees	3,750,039	-	3,750,039
Grant and Contribution Revenue	1,981,321	354,578	2,335,899
Investment and Interest Income	55,881	-	55,881
Miscellaneous Revenue	1,072,351	-	1,072,351
Net Assets Released from Restrictions	328,226	(328,226)	-
Total Revenue, Support, and Gains	99,099,421	26,352	99,125,773
EXPENSES			
Program Services Expense	78,199,847		78,199,847
Support Services Expense:			
Management and General	17,267,260	-	17,267,260
Fundraising	942,235	-	942,235
Total Expenses	96,409,342	-	96,409,342
CHANGE IN NET ASSETS	2,690,079	26,352	2,716,431
Net Assets – Beginning of Year	29,586,889	102,895	29,689,784
NET ASSETS – END OF YEAR	$ 32,276,968	$ 129,247	$ 32,406,215