



**PATHWAYS**  
Early Education Center  
*of Immokalee*

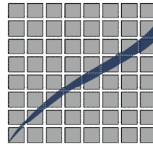
**FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Pathways Early Education Center of Immokalee, Inc.**

Immokalee, Florida

### Opinion

We have audited the accompanying financial statements of Pathways Early Education Center of Immokalee, Inc. ("Organization"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 ("US GAAP").

### 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 the report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, 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 Pathways Early Education Center of Immokalee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("US 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 financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
October 15, 2025

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
Cash and equivalents	\$ 3,103,826	\$ 1,462,815
Grants receivable, net	144,590	141,365
Employee Retention Credit receivable	-	158,104
Investments	2,495,432	2,398,237
Beneficial interest in assets held by Community Foundation	533,282	469,607
Prepaid expenses and other current assets	68,255	40,661
Cash surrender value of life insurance	30,396	32,831
Property and equipment, net	959,033	988,138
Total assets	<u>\$ 7,334,814</u>	<u>\$ 5,691,758</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 140,214	\$ 168,735
Deferred income	23,009	27,969
Finance lease liability	2,755	7,145
Note payable	217,770	217,770
Total liabilities	<u>383,748</u>	<u>421,619</u>
Net assets:		
Without donor restrictions:		
Operating	3,147,278	1,262,352
Equity in property and equipment, net	738,508	763,223
Board-designated	295,635	265,621
Total net assets without donor restrictions	4,181,421	2,291,196
With donor restrictions	2,769,645	2,978,943
Total net assets	<u>6,951,066</u>	<u>5,270,139</u>
Total liabilities and net assets	<u>\$ 7,334,814</u>	<u>\$ 5,691,758</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>SUPPORT AND REVENUE</u></b>						
Contributions and grants	\$ 3,250,802	\$ 35,505	\$ 3,286,307	\$ 1,802,730	\$ 352,398	\$ 2,155,128
Contributed nonfinancial assets	600	-	600	15,514	-	15,514
Special events, net of cost of direct benefits of \$69,234, and \$58,845, respectively	862,217	-	862,217	375,286	-	375,286
Child care fees	133,710	-	133,710	118,760	-	118,760
Investment income	132,675	253,098	385,773	13,380	288,344	301,724
Employee Retention Credit income	-	-	-	158,104	-	158,104
Other income	605	-	605	29,866	-	29,866
Total support and revenue	4,380,609	288,603	4,669,212	2,513,640	640,742	3,154,382
Net assets released from restrictions	497,901	(497,901)	-	375,168	(375,168)	-
<b><u>EXPENSES</u></b>						
Program services	2,142,073	-	2,142,073	2,050,943	-	2,050,943
Supporting activities:						
General and administrative	393,558	-	393,558	385,948	-	385,948
Fundraising	452,654	-	452,654	297,748	-	297,748
Total expenses	2,988,285	-	2,988,285	2,734,639	-	2,734,639
Change in net assets	1,890,225	(209,298)	1,680,927	154,169	265,574	419,743
Net assets, beginning of year	2,291,196	2,978,943	5,270,139	2,137,027	2,713,369	4,850,396
Net assets, end of year	<u>\$ 4,181,421</u>	<u>\$ 2,769,645</u>	<u>\$ 6,951,066</u>	<u>\$ 2,291,196</u>	<u>\$ 2,978,943</u>	<u>\$ 5,270,139</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Conferences and events	\$ 4,050	\$ -	\$ 43,737	\$ 47,787
Depreciation	72,641	-	-	72,641
Donor development	-	-	67,352	67,352
Employee benefits	287,116	19,300	28,673	335,089
Insurance	52,169	10,000	-	62,169
Interest	-	9,226	-	9,226
Marketing and advertising	-	-	52,408	52,408
Occupancy	49,714	15,540	19,673	84,927
Office	58,488	35,406	213	94,107
Payroll taxes	111,335	10,601	15,750	137,686
Professional fees	-	156,213	30,000	186,213
Program supplies	120,267	-	-	120,267
Repairs and maintenance	74,610	4,476	1,309	80,395
Salaries and wages	1,303,946	129,691	192,683	1,626,320
Travel, meals, and entertainment	7,737	3,105	856	11,698
Total expenses	<u>\$ 2,142,073</u>	<u>\$ 393,558</u>	<u>\$ 452,654</u>	<u>\$ 2,988,285</u>
Percentage of total expenses	<u>72%</u>	<u>13%</u>	<u>15%</u>	<u>100%</u>

The accompanying notes and independent auditor's report should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Conferences and events	\$ 2,203	\$ 128	\$ 3,154	\$ 5,485
Depreciation	69,767	-	-	69,767
Donor development	-	-	14,878	14,878
Employee benefits	226,404	22,977	18,729	268,110
Insurance	14,705	14,834	-	29,539
Interest	-	9,575	-	9,575
Marketing and advertising	-	-	19,317	19,317
Occupancy	82,445	8,366	6,820	97,631
Office	39,513	40,495	3,436	83,444
Payroll taxes	104,409	11,864	7,881	124,154
Professional fees	-	134,153	117,980	252,133
Program supplies	112,415	-	-	112,415
Repairs and maintenance	133,101	11,095	-	144,196
Salaries and wages	1,260,017	127,874	104,236	1,492,127
Travel, meals, and entertainment	5,964	4,587	1,317	11,868
Total expenses	<u>\$ 2,050,943</u>	<u>\$ 385,948</u>	<u>\$ 297,748</u>	<u>\$ 2,734,639</u>
Percentage of total expenses	<u>75%</u>	<u>14%</u>	<u>11%</u>	<u>100%</u>

The accompanying notes and independent auditor's report should be read with these financial statements.



# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 1,680,927	\$ 419,743
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	72,641	69,767
Amortization of operating lease right-of-use asset	-	22,353
Net realized and unrealized gains on investments	(212,818)	(215,219)
Contributions received for long-term purposes	(10,000)	-
(Increase) decrease in operating assets:		
Grants receivable	(3,225)	15,630
Employee Retention Credit receivable	158,104	(158,104)
Prepaid expenses and other current assets	(27,594)	22,713
Increase (decrease) in operating liabilities:		
Deferred income	(4,960)	8,673
Accounts payable and accrued expenses	(28,521)	2,208
Operating lease liability	-	(27,066)
Net cash flows from operating activities	<u>1,624,554</u>	<u>160,698</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	-	(72,380)
Purchases of investments	(112,815)	(503,476)
Proceeds from sale of investments	<u>123,662</u>	<u>626,572</u>
Net cash flows from investing activities	<u>10,847</u>	<u>50,716</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal payments on finance lease liability	\$ (4,390)	\$ (4,004)
Contributions received for long-term purposes	10,000	-
Net cash flows from financing activities	<u>5,610</u>	<u>(4,004)</u>
Net change in cash and equivalents	1,641,011	207,410
Cash and equivalents, beginning of year	<u>1,462,815</u>	<u>1,255,405</u>
Cash and equivalents, end of year	<u><u>\$ 3,103,826</u></u>	<u><u>\$ 1,462,815</u></u>
<b><u>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
Cash paid for interest during the year (none capitalized)	<u><u>\$ 9,226</u></u>	<u><u>\$ 9,575</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Pathways Early Education Center of Immokalee, Inc. ("Organization"), formally known as Immokalee Child Care Center, Inc., was incorporated in 1968 under the Law of Florida as a not-for-profit organization. The Organization's objective and purpose is to provide exceptional early education to the children and families in the Immokalee community, as well as develop and incorporate community partnerships and collaborations into the daily operations to ensure the individual needs of each child and family are met by connecting all resources available for the health, safety, well-being, and affordable high quality early education for all children at the Organization.

#### Basis of accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

#### Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

#### Cash and equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### Grants receivable

Grants receivable consist of amounts due under cost reimbursement grants.

#### Investments

Investments having a readily determinable fair value are carried at fair value. Interest and dividends are recorded on the accrual basis. Gains and losses are recognized when incurred and included in the statements of activities. Donated investments are recognized at the estimated fair value on the date of the donation.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### Beneficial interest in assets held by Community Foundation

The Organization has established endowment funds that are perpetual in nature and other funds which are held by the Community Foundation of Collier County ("Community Foundation"), in which the Organization is named as the beneficiary. The Organization has not granted variance power to the Community Foundation. The fund is held and invested by the Community Foundation for the Organization's benefit and is reported at fair value in the accompanying statements of financial position, with distributions and changes in fair value recognized in the accompanying statements of activities.

### Cash surrender value of life insurance

The cash surrender value of life insurance is recorded at the cash surrender value of the underlying insurance policy.

### Property and equipment

Acquisitions of property and equipment with original cost of \$1,000 or greater and useful lives exceeding one year are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Building and improvements	7-50 years
Equipment	5-10 years
Vehicles	5 years

### Leases

Management determines if an arrangement is a lease at inception of the arrangement. Right-of-use 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. Right-of-use assets and lease liabilities are recognized at the commencement of the lease based on the present value of lease payments over the lease term. The right-of-use assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease at management's discretion. Such options are included in the calculation of the right-of-use asset and lease liability, and are included in the future maturities of lease liabilities, if management determines they are reasonably certain to exercise the options. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense includes amortization of the right-of-use assets on a straight-line basis, and interest on the finance lease liabilities using the effective interest method.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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For leases that do not state or imply an interest rate, the Organization elected to use a risk-free rate based on asset composition.

The Organization elected to account for all leases with original terms of 12 months or fewer as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities.

### Net assets

The financial statements present information regarding the financial position and statements of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consist of resources available for use in operations, those resources invested in property and equipment, and resources restricted by the board of directors as to future use. Net assets with donor restrictions consist of resources restricted by donors as to purpose or by the passage of time.

### Revenue recognition

#### *Contributions and grants*

In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### *Child care fees*

Child care fees consist of revenue from student tuition and are recorded when earned. Child care fees are recognized in the reporting period in which the child care is provided. Payments for child care are due upon invoice.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### *Special events*

The Organization conducts fundraising events during the year. Revenue from these events includes contributions, ticket sales, and entry fees. Management generally considers a portion of the revenues from these events to be contracts with customers under ASC Topic 606, while a portion is considered a contribution to the Organization. Revenues under ASC Topic 606 are recognized at the point in time the event occurs.

### Functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. The expenses that are allocated include salaries, employee benefits, and payroll taxes, which are allocated based on an estimate of time and effort spent. Depreciation and occupancy costs are allocated based on an estimate of usage by asset.

### Advertising

Advertising costs are expensed as incurred and totaled \$52,408 and \$19,317, respectively, for the years ended June 30, 2025 and 2024.

### Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

### Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets or change in net assets.

### Subsequent events

Management has evaluated subsequent events through the date of the independent auditor's report, the date on which the financial statements were available to be issued.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and equivalents	\$ 3,103,826	\$ 1,462,815
Grants receivable, net	144,590	141,365
Employee Retention Credit receivable	-	158,104
Investments	2,495,432	2,398,237
Beneficial interest in assets held by Community Foundation	<u>533,282</u>	<u>469,607</u>
 Total financial assets at year end	 6,277,130	 4,630,128
 Less amounts unavailable for general expenditures within one year due to:		
Purpose restrictions	(6,171)	(44,421)
Board-designated	(295,635)	(265,621)
Endowment assets	<u>(2,733,078)</u>	<u>(2,602,222)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 3,242,246</u>	 <u>\$ 1,717,864</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENT

US GAAP defines fair value and establishes a framework for measuring fair value and disclosure regarding fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

US GAAP describes three levels of inputs that may be used to measure fair value:

**Level 1** - Quoted prices in active markets for identical assets or liabilities

**Level 2** - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that are based on inputs not quoted in active markets that can be corroborated by observable market data

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

The fair values of exchange traded funds and mutual funds are based on quoted market prices and other relevant information generated by market transactions.

The Organization has investments held in an investment pool held by the Community Foundation of Collier County. These securities are measured at the fair value of the funds based on the underlying investments as reported by the Community Foundation of Collier County.

Fair value of assets measured on a recurring basis is as follows as of June 30,:

	2025		
	Level 1	Level 2	Total
Exchange traded funds	\$ 1,567,533	\$ -	\$ 1,567,533
Mutual funds	840,048	-	840,048
Investments held by Community Foundation	-	533,282	533,282
Total investments, at fair value	<u>\$ 2,407,581</u>	<u>\$ 533,282</u>	2,940,863
Money market funds, at cost			87,851
Total investments			\$ 3,028,714

See independent auditor's report.



# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

	<b>2024</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Exchange traded funds	\$ 1,501,530	\$ -	\$ 1,501,530
Mutual funds	803,185	-	803,185
Investments held by Community Foundation	-	469,607	469,607
Total investments, at fair value	<u>\$ 2,304,715</u>	<u>\$ 469,607</u>	2,774,322
Money market funds, at cost			<u>93,522</u>
Total investments			<u>\$ 2,867,844</u>

Total investment income consists of the following for the years ended June 30,:

	<b>2025</b>	<b>2024</b>
Interest and dividends	\$ 189,710	\$ 102,613
Net realized and unrealized gains (losses)	212,818	215,219
Investment fees	<u>(16,755)</u>	<u>(16,108)</u>
Investment income, net	<u>\$ 385,773</u>	<u>\$ 301,724</u>

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	<b>2025</b>	<b>2024</b>
Land	\$ 334,720	\$ 334,720
Building	1,195,078	1,195,078
Equipment	779,508	688,643
Vehicle	<u>29,699</u>	<u>29,699</u>
	2,339,005	2,248,140
Accumulated depreciation	<u>(1,379,972)</u>	<u>(1,307,331)</u>
	959,033	940,809
Construction in progress	<u>-</u>	<u>47,329</u>
Property and equipment, net	<u>\$ 959,033</u>	<u>\$ 988,138</u>

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Depreciation and amortization expense related to property and equipment totaled \$72,641 and \$69,767 for the years ended June 30, 2025 and 2024, respectively.

### 5. DEBT

Note payable consists of the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Note payable with The Theresa A Garlock Revocable Trust in the amount of \$217,770; requiring monthly interest-only payments with all unpaid principal due at maturity in October 2025; bearing interest at 4.00% per annum; and secured by a parcel of land.	\$ 217,770	\$ 217,770

### 6. LEASES

The Organization leased office space under a long-term, operating lease agreement that expired in November 2023. The lease agreement required monthly payments ranging from \$5,500 to \$6,190.

The Organization leases equipment under a long-term, non-cancelable finance lease agreement that expires in January 2026. The lease agreement requires monthly payments of \$406 consisting of principal and interest.

The Organization leases office space under a short-term operating lease agreement that expired in October 2024, and was subsequently extended for an additional one-year period through October 2025. The lease agreement requires monthly payments ranging from \$2,800 to \$3,150.

A summary of lease expense is as follows for the years ended June 30,:

	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 2,776	\$ 2,776
Interest on lease liability	478	864
Operating lease expense	-	23,360
Short-term lease expense	36,400	19,600
	<u>\$ 39,654</u>	<u>\$ 46,600</u>

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

Future maturities of lease liabilities are as follows for the year ending June 30,:

	<u>Finance</u>
2026	<u>\$ 2,840</u>
Total minimum lease payments	2,840
Less amount representing interest	<u>(85)</u>
Present value of lease liabilities	<u><u>\$ 2,755</u></u>

Other information with respect to leases is as follows as of and for the years ended June 30,:

### Finance

	<u>2025</u>	<u>2024</u>
Weighted-average remaining years in lease terms	0.58	1.58
Weighted-average discount rate	9.25%	9.25%

Finance lease right-of-use assets are included in property and equipment in the accompanying financial statements as of the years ended June 30, 2025 and 2024 and totaled \$6,940 and \$9,716, respectively.

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

### 7. NET ASSETS

Net assets with donor restrictions consist of the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Purpose restrictions	\$ 6,171	\$ 44,421
Cash surrender value of life insurance	30,396	32,831
Time restrictions	<u>-</u>	<u>299,469</u>
	<u>36,567</u>	<u>376,721</u>
Endowments:		
Corpus	2,201,350	2,191,350
Accumulated investment earnings, subject to spending policy appropriation	<u>531,728</u>	<u>410,872</u>
	<u>2,733,078</u>	<u>2,602,222</u>
Total net assets with donor restrictions	<u><u>\$ 2,769,645</u></u>	<u><u>\$ 2,978,943</u></u>

### 8. ENDOWMENTS

The Organization's endowment consists of three separate endowments to be used for child care support.

The Organization has interpreted the state Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

Endowment net asset composition by type is as follows for the years ended June 30,:

	<b>With Donor Restrictions</b>	
	<b>2025</b>	<b>2024</b>
Donor-restricted endowment funds:		
Donor-restricted contributions	\$ 2,201,350	\$ 2,191,350
Accumulated investment earnings	531,728	410,872
Endowment net assets	<u>\$ 2,733,078</u>	<u>\$ 2,602,222</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2025 and 2024, there were no funds with deficiencies.

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year as determined by the board of directors. In establishing this policy, the Organization considers the long-term expected return on the endowment and sets the rate with the objective of maintaining the purchasing power of the endowment over time.

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## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Changes in endowment assets are as follows for the years ended June 30,:

	<u>2025</u>	<u>2024</u>
Endowment assets, beginning of year	\$ 2,602,222	\$ 2,442,125
Contributions	10,000	-
Investment return, net	253,098	288,344
Appropriated for expenditure	<u>(132,242)</u>	<u>(128,247)</u>
Endowment assets, end of year	<u><u>\$ 2,733,078</u></u>	<u><u>\$ 2,602,222</u></u>

### 9. CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2025</u>	<u>2024</u>
Advertising	\$ -	\$ 7,600
School supplies	<u>600</u>	<u>7,914</u>
	<u><u>\$ 600</u></u>	<u><u>\$ 15,514</u></u>

Contributed school supplies and advertising are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed school supplies are used in program services and contributed advertising is used for fundraising and development.

All contributed nonfinancial assets received during the years ended June 30, 2025 and 2024 were received without donor restrictions.

### 10. RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA plan ("Plan") covering all eligible employees. Employees may make contributions to the Plan up to the maximum allowed by the Internal Revenue Code and the Organization matches 100% of the employees' contributions up to 3% of the employees' eligible compensation. The Plan was implemented during the year ended June 30, 2024, and the Organization's contributions to the Plan for the years ended June 30, 2025 and 2024 totaled \$20,414 and \$15,791, respectively.

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# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### 11. CONCENTRATIONS

#### Cash and equivalents

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year the Organization had deposits in excess of FDIC limits. This risk is managed by maintaining deposits with high-quality financial institutions. The Organization does not anticipate nonperformance by these institutions.

#### Grants receivable

Three donors accounted for 100% of grants receivable as of June 30, 2025. Three donors accounted for 87% of grants receivable as of June 30, 2024.

#### Contributions and grants

Two donors accounted for 42% of contributions and grants for the year ended June 30, 2025. Two donors accounted for 43% of contributions and grants for the year ended June 30, 2024.

### 12. EMPLOYEE RETENTION CREDIT

The Organization claimed Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act totaling \$158,104. This amount has been included in the accompanying statement of activities for the year ended June 30, 2024. While management believes the claim complies with the provisions of the CARES Act, such provisions are subject to varying interpretations and may be subject to retroactive review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the Employee Retention Credit, and it is not possible to determine the impact, if any, this would have on the Organization.

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See independent auditor's report.