

Neighbors in Need of Services, Inc. (NINOS, Inc.)

**Audited Annual Consolidated
Financial Report**

**For Fiscal Year Ended
March 31, 2025**



**Oscar R. Gonzalez CPA
& Associates PLLC**
Certified Public Accountants

Neighbors in Need of Services, Inc.
Audited Annual Consolidated Financial Statements
For the Fiscal Year Ended March 31, 2025

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
Officers and Directors	i
II. FINANCIAL SECTION	
Independent Auditor's Report	1-3
III. BASIC FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
IV. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
	8-18
V. COMPLIANCE AND INTERNAL CONTROL SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
VI. FEDERAL AWARDS SECTION	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	21-23
Schedule of Findings and Questioned Costs	24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26

INTRODUCTORY SECTION

Neighbors in Need of Services, Inc.
Audited Annual Consolidated Financial Report
For the Fiscal Year Ended March 31, 2025

Board of Directors

MARY F. SOSA-VILLARREAL
President

JUANITA ORTIZ
Vice-President

JUAN MORENO JR.
Secretary/Parlamentarían

ROBERTO LOPEZ
Treasurer/Sergeant at Arms

DENJUAMI BARKER
Member

JUANITA HERNANDEZ
Member

GILBERTO HINOJOSA
Member

ALMA RUIZ
Member

MELISSA N. TAMAYO
Member

LIZETH BALLESTEROS -
HSPC Chairperson

DAVID KOWALSKI
Executive Director

OSCAR SALINAS
Interim Finance Director

FINANCIAL SECTION



**Oscar R. Gonzalez CPA
& Associates PLLC**

Certified Public Accountants

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Partners:

Oscar R. Gonzalez, CPA
Melissa Gonzalez, CPA

Associates:

Janet Robles, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Neighbors in Need of Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neighbors in Need of Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Neighbors in Need of Services, Inc. as of March 31, 2025, and its subsidiaries the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Neighbors in Need of Services, Inc. and subsidiaries to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighbors in Need of Services, Inc. and subsidiaries' ability to continue as a going concern within one year after the date that the combined 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 combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Neighbors in Need of Services, Inc. and subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Neighbors in Need of Services, Inc. and subsidiaries' ability to continue as a going concern for a reasonable period of time.

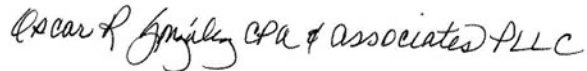
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of Neighbors in Need of Services, Inc. and subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Neighbors in Need of Services, Inc. and subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neighbors in Need of Services, Inc. and subsidiaries' internal control over financial reporting and compliance.



Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
December 18, 2025

BASIC FINANCIAL STATEMENTS

Neighbors in Need of Services, Inc.
Consolidated Statement of Financial Position
March 31, 2025

	2025
Assets	
Cash and Cash Equivalents	\$ 361,597
Grants Receivable	1,553,018
Other Receivables	4,258
Prepaid Assets	3,692
Other Assets - Right to Use Asset (Net)	85,331
Property and Equipment (Net)	6,185,814
Total Assets	\$ 8,193,710
 Liabilities	
Accounts Payable	\$ 656,508
Accrued Salaries and Payroll Tax	942,912
Lease Liability	125,455
Current Portion of Long-Term Debt	51,723
Long-Term Debt - USDA	2,539,881
Total Liabilities	4,316,479
 Net Assets	
Without Donor Restrictions	3,743,752
With Donor Restrictions	133,479
Total Net Assets	3,877,231
Total Liabilities and Net Assets	\$ 8,193,710

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

Neighbors in Need of Services, Inc.
Consolidated Statement of Activities
For the Year Ended March 31, 2025

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

	2025
Revenues and Gains	
Other Revenue	\$ 118,449
In-Kind Contributions	6,891,266
Total Revenues and Gains	
Without Donor Restrictions	7,009,715
Net Assets Released from Restrictions	
Restrictions Satisfied by Expenditures Incurred	29,137,175
Total Net Assets Released from Restrictions	29,137,175
Total Revenue, Gains, and Other	
Support Without Donor Restrictions	36,146,890
Expenses	
Program Services	
Program Expenses	32,860,935
Support Services	
General and Administrative	2,552,593
Fundraising Expenses	14,400
Total Expenses	35,427,928
Increase (Decrease) in Net Assets	
Without Donor Restrictions	718,962
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:	
Federal Grant Revenue	
Department of Health & Human Services Commission	27,565,065
Texas Department of Agriculture	1,572,110
Other Grants and Contributions	9,600
Net Assets Released from Restrictions	(29,137,175)
Increase (Decrease) in Net Assets	
With Donor Restrictions	9,600
Change in Net Assets	728,562
Prior Period Adjustment	(7,694)
Net Assets, Beginning of Year	3,156,363
Total Net Assets, End of Year	\$ 3,877,231

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

Neighbors in Need of Services, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended March 31, 2025

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Fundraising Expense</u>	
Expenses				
Auto Expense	\$ 53,353	\$ -	\$ -	\$ 53,353
Building Occupancy	329,222	-	-	329,222
Classroom Supplies	177,188	-	-	177,188
Contracted Services	231,328	92,575	-	323,903
Depreciation	224,885	267,086	-	491,971
Dues and Subscriptions	12,182	-	-	12,182
Employee Benefits	4,465,482	-	-	4,465,482
Food Expense	1,298,379	-	-	1,298,379
Fundraising	13,604	-	-	13,604
In-Kind	6,891,266	-	-	6,891,266
Insurance Expense	493,415	-	-	493,415
Interest Expense	28,775	-	-	28,775
Kitchen Supplies	142,409	-	-	142,409
Marketing	-	31,201	14,400	45,601
Medical Supplies	18,885	-	-	18,885
Office Expense	4,675	-	-	4,675
Office Supplies	56,481	96,350	-	152,831
Other Expense	371,861	61,746	-	433,607
Parent Services	76,254	-	-	76,254
Payroll Taxes	1,556,639	-	-	1,556,639
Rent Expense	182,237	-	-	182,237
Right To Use Amortization	80,011	-	-	80,011
Repairs and Maintenance	216,215	81,449	-	297,664
Salary and Wages	14,857,801	1,824,300	-	16,682,101
Staff Development	472,771	-	-	472,771
Travel Expense	82,185	97,886	-	180,071
Utilities Expense	523,432	-	-	523,432
Total Expenses	\$ 32,860,935	\$ 2,552,593	\$ 14,400	\$ 35,427,928

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

Neighbors in Need of Services, Inc.
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2024

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 728,562
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	105,699
Amortization - Right to Use Asset	(148,356)
Change in Assets and Liabilities:	
(Increase) Decrease in Grant Receivables	\$ (94,454)
(Increase) Decrease in Other Receivables	5,990
(Increase) Decrease in Prepaid Expenses	33,114
(Increase) Decrease in Right to Use Asset	138,855
Increase (Decrease) in Accounts Payable	45,683
Increase (Decrease) in Lease Liability	40,810
Increase (Decrease) in Wage and Salary Payable	88,194
	258,192
Net Cash Provided (Used) by Operating Activities	944,097
Cash Flows from Investing Activities:	
Aquisition of Capital Assets	(464,284)
Purchase of Certificate of Deposit	120,000
Disposition of Capital Assets	(388,458)
	(732,742)
Net Cash Provided (Used) for Investing Activities	(732,742)
Cash Flows from Financing Activities:	
Payment of Long-term Debt	(52,811)
	(52,811)
Net Cash Provided (Used) for Financing Activities	(52,811)
Net Increase (Decrease) in Cash and Cash Equivalents	158,544
Cash and Cash Equivalents at Beginning of Year	203,053
Cash and Cash Equivalents at End of Year	\$ 361,597
Supplementary Information	
Interest Expense	\$ 28,775
Cost of Right to Use Asset (Net)	\$ 85,331
Right to Use Lease Payable	\$ (85,331)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Neighbors In Need of Services, Inc. ("NINOS, INC.") is a not-for-profit Texas corporation organized in 1990. The primary purpose of NINOS, INC. is to operate the Head Start Program in Cameron and Willacy Counties as sponsored by the U.S. Department of Health and Human Services. NINOS, INC. provides child development services including education services to children from infancy up to compulsory enrollment in school. These services are available to children based on family income guidelines and include children with disabilities. NINOS, INC. also operates the Child and Adult Care Food Program from the Texas Department of Human Services, which is sponsored by the U.S. Department of Agriculture. The Food Program participates with the Head Start and Early Head Start Programs in providing support for nutrition assistance services. NINOS, INC. also receives funding from the Head Start/Early Head Start Regional office via the Training and Technical Assistance Program (T/TA). The financial activity of Advocacy of NINOS, INC., Inc. and the Head Start Policy Council, both subsidiaries of NINOS, INC. for the purpose of financial reporting have been consolidated with NINOS, INC.'s financial activity and all appropriate consolidating eliminations have been made as a result of the consolidation.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation and Contributions and Support

In accordance with FASB ASC 958-210, NINOS, INC. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that may be temporary in nature, such as those that will be met by actions of the Organization or the passage of time, or perpetual in nature, such as those that require the assets to be maintained in perpetuity.

In accordance with FASB ASC 958-605, contributions received by NINOS, INC. are recognized as revenue when the donor makes an unconditional promise to give. Contributions are classified as either with donor restrictions or without donor restrictions, depending on the existence and nature of any donor-imposed restrictions. When donor restriction is satisfied, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. NINOS, INC. has no permanently restricted net assets.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Classification of Net Assets

- *Net Assets with Donor Restrictions:* – net assets subject to donor-imposed restriction (donors include other types of contributors, including makers of certain grants).
- *Net Assets without Donor Restrictions:* – net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants)
- *Underwater Endowment Fund:* - an endowment fund, which is donor-restricted, for which the fair value of the fund at the reporting date is less than either the amount of the original gift or the amount required to be maintained by the donor or by law that extends donor restrictions.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, NINOS, INC. considers all cash accounts, which are not subject to withdrawal restrictions or penalties, purchased with maturity of three months or less to be cash equivalents.

Concentration of Risk

In 2025, 81% of Neighbors in Need of Services Inc.'s revenues were provided through grants from the U.S. Department of Health and Human Services.

Concentration of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures each depositor up to \$250,000. Deposits in some institutions may at times exceed FDIC insurance coverage. Bank account balances may at times exceed FDIC insurance limits; however, management believes its cash accounts are not exposed to any significant risk.

Contributions

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restriction. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contribution as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Revenue

NINOS, Inc. receives revenue from several types of transactions and is recognized in the financial statements in the following manner: 1. *Grant Income*-monthly accrual on incurrence of allowable cost, 2. *In-Kind Contributions*-recognized as income when received, 3. *Program Income*-includes refunds and other applicable credits and is recognized as a reduction in expenditures in the period in which it is received, 4. *Nongovernmental Cash Contribution*-recognized as income when received, unless accompanied by restrictions or conditions, and finally 5. *Fees for Service Income*-recognized as income when services are rendered unless the collection of amounts due is in question. In this case, revenue is recognized when payment are received. Immaterial categories of revenue may be recorded on the cash basis of accounting.

Recognition of Grant Support

Head Start, Early Head Start and THHSC grant funds are recognized as support when related program expenses are incurred. Food Program grants funds are recognized as support when complete program meals and snacks are provided to eligible participants. The number of resources recognized under the food program is based on the number of complete program meals and snacks provided times the related rates authorized by the grantor.

Donated Services and Materials

In-kind support is recorded as revenue and expense in the accompanying consolidated statements of activities only if the contribution meets the requirements of Not-for-Profit Entities. For contributed services to be recognized as revenue, services must be those that would normally be paid for, the same as those normally provided by the donor, and clearly measurable. The Organization received \$0 in such services during 2024-2025.

Functional Allocation of Expenses

The expenses of NINOS, INC. have been reported on a functional basis. This requires the allocation of certain expenses between program and support services based on an analysis of each expense account or in certain instances on estimates made by management.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first in, first out method, and market represents the lower of replacement cost or estimated net realizable value.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish hierarchy that prioritizes the inputs to valuation techniques. Fair value is 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. A fair market value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset and liability or, in absence of a principal market the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value into three broad levels:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Property and Equipment

Leasehold improvements are carried at cost net of accumulated amortization. Amortization is computed on a straight-line basis over the term of the lease.

Equipment, furnishings and building in excess of \$5,000 are capitalized and carried at cost net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets of a period ranging from 5 to 50 years. Equipment and Furnishings costing less than \$5,000 are charged to expense when incurred.

Buildings, furniture and equipment of NINOS, INC. are depreciated using the straight-line method over the following estimated useful lives:

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Property and Equipment (continued)

<u>Assets</u>	
Buildings	40 Years
Leashold Improvements	39 Years
Land Improvements	20 Years
Portable Buildings	15 Years
Office Equipment	10 Years
Motor Vehicles	5 Years
Heavy Construction Equipment	5 Years
Computer Equipment	5 Years
Kitchen Equipment	5 Years

All property, equipment, and furnishings have been acquired with Federal grant assistance; therefore, any proceeds received from the disposition of such property are to be administered as follows. If NINO, INC.'s program for which the property was acquired is still receiving grant support from the same federal program, the grantor may authorize use of any proceeds received for allowable costs of that program. Otherwise, the net amount of any proceeds received must be remitted to the grantor.

Income Taxes

NINOS, INC. is a not-for-profit organized under section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal income taxes and, accordingly, no provision for income taxes is included in the financial statements. In addition, it has been determined by the Internal Revenue Service not to be a "private" foundation within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for the year ended March 31, 2025. Federal income tax and information returns for tax years 2022, 2023 and 2024 remain subject to examination by the Internal Revenue Service.

New Accounting Standards

In fiscal year 2024, the organization did not adopt a new statement of financial accounting standard issued by the Financial Accounting Standards Board (FASB).

Compensated Absences

Employees of NINOS, INC. are entitled to paid vacation depending on length of service and other factors. At year end, there were no accrued time owed to employees. Sick leave is not accrued because it does not vest. Employees are not paid for any unused sick leave at termination of employment.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Marketing Costs

The Organization expenses marketing costs as they are incurred. As of March 31, 2025, marketing costs totaled \$45,601.

Estimates

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

NOTE 2-AVAILABILITY AND LIQUIDITY

The following represents NINOS, INC.'s financial assets at March 31, 2025.

Financial assets at year end:		<u>2025</u>	
Cash and cash equivalents	\$	361,597	
Investment-Certificate of Deposit		-	
Accounts receivables		<u>1,557,276</u>	
Total financial assets		<u>1,918,873</u>	
Less amounts not available to be used within one year:			
Funds restricted by donors		123,879	
Investments designated for capital purchases		-	
		<u>123,879</u>	
Financial assets available to meet general expenditures over the next twelve months	\$	<u>1,794,994</u>	

NOTE 3-DEPOSITS AND INVESTMENTS

At March 31, 2025, the carrying amount of the NINOS, INC. deposits (cash, certificates of deposits, and interest-bearing savings accounts included in temporary investments) was \$361,597 and the bank balance was \$527,794. Deposits are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000 per bank. PNC Bank exceeded FDIC insurance limits by \$277,794. The organization has not experienced any losses in such accounts.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 3-DEPOSITS AND INVESTMENTS (CONTINUED)

NINOS, INC. deposits and investments at March 31, 2024 are shown below:

Bank	Type	Carrying Amount	Bank Balance	FDIC Insurance Coverage	Amount Over (Under) Insured
PNC Bank	Checking	\$ 361,597	\$ 527,794	\$ 250,000	\$ (277,794)

NINOS, INC. held investment in the form of Certificate of Deposit with maturities of one year. These Investments are considered short term investments. It is included in the above table.

NOTE 4 - GRANTS AND OTHER RECEIVABLES

Grants and other receivables as of March 31, 2025 consist of the following:

<u>Receivables</u>	<u>Amount</u>
U.S. Department of Health and Human Services	\$ 1,257,351
TX Department of Agriculture-Health Nutrition Program	295,667
Total Grants Receivable	<u>1,553,018</u>
Other Accounts Receivable	4,258
Total Receivables	<u>\$ 1,557,276</u>

NOTE 5 - RETIREMENT PLAN

NINOS, INC. sponsors an employee retirement plan similar to a profit-sharing plan covering employee who have completed at least six months of service. Participation in the Plan begins on the 1st day of the following January, April, July or October with satisfaction of the eligibility requirements. Under the plan, NINOS, INC. may contribute an amount to be determined annually by the board of directors. Limited employee contributions are provided for by the plan. However, with the consent of the Plan Administrator, a participant may rollover amounts from another qualified plan. Employees will be 100% vested as to the employer contributions plus earnings after 5 years of service. "Rollover" contributions are automatically 100% vested. During the year ended March 31, 2025 the board of directors authorized contributions to the plan of 7% of an eligible employee's salary. The total employer contributions for the year ended March 31, 2024 totaled \$994,733.

NOTE 6 - CONTINGENCIES

NINOS, INC. participants in programs that are sponsored by Federal government grants. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If program expenditures or support claims are disallowed due to noncompliance with grant

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 6 – CONTINGENCIES (CONTINUED)

program regulations, NINOS, INC. may be required to reimburse the grantor. NINOS, INC. believes it has substantially complied with applicable laws and regulations and any subsequent examinations will not have a material effect on any of the individual governmental resources of the overall financial position of NINOS, INC. The future operations of NINOS, INC. are contingent upon continual funding from the U.S. Department of Health and Human Services and the U.S. Department of Agriculture.

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of property and equipment at March 31, 2025 follows:

	Restated Beginning Balance 4/1/2024	Increases	Decreases	Ending Balance 3/31/2025
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 416,627	\$ -	\$ -	\$ 416,627
Total Capital Assets, Not Being Depreciated	416,627	-	-	416,627
<i>Capital Assets, Being Depreciated:</i>				
Vehicles	1,999,086		355,502	1,643,584
Furniture and Equipment	165,504	55,473	32,956	188,021
Leasehold Improvements	2,182,426	355,307	-	2,537,733
Portable Buildings	1,908,568	-	-	1,908,568
Facility - Sebastian	270,387	-	-	270,387
Facility - Rio Hondo	-	86,921	-	86,921
Construction in Progress	-	230,000	-	230,000
Buildings	3,932,094	513,500	-	4,445,594
Right to Used Assets	224,186	85,331	-	309,517
Total Capital Assets, Being Depreciated	10,682,251	1,326,532	388,458	11,620,325
<i>Less Accumulated Depreciation For:</i>				
Vehicles	(1,700,166)	(96,285)	(355,502)	(1,440,949)
Furniture and Equipment	(97,949)	(23,816)	(37,624)	(84,141)
Leasehold Improvements	(765,652)	(271,754)	-	(1,037,406)
Buildings	(808,114)	(97,462)	-	(905,576)
Portables	(1,908,566)	-	-	(1,908,566)
Sebastian	(155,473)	(7,322)	-	(162,795)
Right to use Amortization	(146,363)	(80,011)	-	(226,374)
Total Accumulated Depreciation	(5,582,283)	(576,650)	(393,126)	(5,765,807)
Total Capital Assets, Being Depreciated, Net	5,099,968	749,882	(4,668)	5,854,518
Total Capital Assets	\$ 5,516,595	\$ 749,882	\$ (4,668)	\$ 6,271,145

Depreciation expense for the year totaled \$491,971 and the right to use amortization \$80,011.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 8 – OPERATING LEASES

NINOS, INC. leases operating space for all of its centers under operating leases primarily from governmental agencies. The lease agreements are generally from a one to five-year term.

NINOS, Inc. has elected to apply the short-term lease exemption under FASB ASC 842 for all leases with a term of 12 months or less for both existing and ongoing one-year operating leases and to not recognize the asset and liability for these leases.

NINOS, INC., has one long-term non-cancelable operating lease agreement. The lease expires in 2028 with a monthly payment of \$2,292 plus, taxes and contract overages. The risk-free rate is determined by using a period comparable to the leases terms as the discount rate for leases where the implicit rate is not readily determinable has been applied.

Total minimum lease payment obligations of these leases are as follows:

Year	Principal	Interest
2026	26,150	24,034
2027	26,934	24,818
2028	6,859	4,743
2029	-	-
2030	-	-
Total	<u>\$ 59,943</u>	<u>\$ 53,595</u>

NOTE 9 – NOTES PAYABLE

NINOS, INC. has notes payable with the USDA. USDA (3) loan was approved for \$2,999,100, 2.75% interest rate with monthly payments of \$10,467 due, May 30, 2057.

	Beginning Balance as of 4/01/2024	Proceeds	Retired	Ending Balance as of 3/31/2025	Due Within One Year
Note Payable - USDA (3)	<u>\$ 2,644,415</u>	<u>\$ -</u>	<u>\$ (52,811)</u>	<u>\$ 2,591,604</u>	<u>\$ 51,723</u>

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 9 – NOTES PAYABLE (CONTINUED)

The Long-Term payments are as follows:

	Principal	Interest	Total
2026	51,723	74,022	125,745
2027	53,217	72,528	125,745
2028	54,753	70,992	125,745
2029	56,334	69,411	125,745
2030	57,961	69,784	127,745
2031-2035	307,032	321,693	628,725
2036-2040	370,524	289,637	660,161
2041-2045	408,141	220,584	628,725
2046-2050	470,570	158,155	628,725
2051-2057	761,349	98,971	860,320
	<u>\$ 2,591,604</u>	<u>\$ 1,445,777</u>	<u>\$ 4,037,381</u>

NOTE 10 – IN-KIND CONTRIBUTIONS

NINOS, INC. received a total of \$6,891,266 in In-Kind contributions for the fiscal year ended March 31, 2025. This amount is reflected in the financial statements.

NOTE 11 – LITIGATION

As of March 31, 2025, NINOS, INC. was not involved in any claims or litigation.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

As of March 31, 2025, NINOS, INC

To correct prior year fixed assets	<u>\$ (7,694)</u>
Total Prior Period Adjustment	<u>\$ (7,694)</u>

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (FASB ASC 825-10) require disclosure of the fair value information about financial instruments, whether or not recognized in the balance sheet. In case where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows.

Neighbors in Need of Services, Inc.
Notes to the Consolidated Financial Statements
For Year Ended March 31, 2025

NOTE 13 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

In the regard, the derived fair value estimates cannot be sustained by comparison to independent markets and, cases could not be realized in immediate settlement of the instruments. Certain financial instruments and all nonfinancial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

The following methods and assumptions were used by NINOS, INC., Inc. in estimating its fair value disclosure for financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the balance sheet for cash and cash equivalents is the fair value.

Time deposits: Fair values of certificates of deposit are at cost plus accrued interest.

Accounts Receivable: The carrying amount approximates fair value because of the short maturity of these instruments.

Payable and Accruals: The carrying amounts approximate fair value because of the short maturity period.

Financial Assets:	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$ 361,597	\$ 361,597
Grants Receivable	1,553,018	1,553,018
Other Receivables	4,258	4,258
Prepaid Assets	3,692	3,692
Other Assets - Right to Use Asset (Net)	85,331	85,331
Financial Liabilities:		
Accounts Payable	\$ 656,508	\$ 656,508
Accrued Salaries and Payroll Tax	942,912	942,912
Lease Liability	125,455	125,455

NOTE 14 – SUBSEQUENT EVENTS

For the purposes of reporting subsequent events, management has considered events occurring up to December 18, 2025, the date of the report was available to be issued.

COMPLIANCE AND INTERNAL CONTROL SECTION



**Oscar R. Gonzalez CPA
& Associates PLLC**

Certified Public Accountants

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Associates:

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Neighbors in Need of Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Neighbors in Need of Services, Inc. (a nonprofit organization), and subsidiaries, which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Neighbors in Need of Services, Inc. and subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neighbors in Need of Services, Inc. and subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Neighbors in Need of Services, Inc. and subsidiaries' internal control

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's combined financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

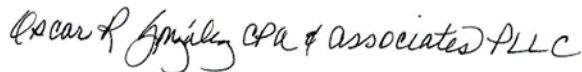
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Neighbors in Need of Services, Inc. and subsidiaries combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Oscar R. Gonzalez CPA & Associates PLLC". The signature is written in a cursive style.

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
December 18, 2025

FEDERAL AWARDS SECTION



Oscar R. Gonzalez CPA & Associates PLLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Neighbors in Need of Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neighbors in Need of Services, Inc. and subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Neighbors in Need of Services, Inc. and subsidiaries' major federal programs for the year ended March 31, 2025. Neighbors in Need of Services, Inc. and subsidiaries' federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Neighbors in Need of Services, Inc. and subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Neighbors in Need of Services, Inc. and subsidiaries' and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination Neighbors in Need of Services, Inc. and subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Neighbors in Need of Services, Inc. and subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Neighbors in Need of Services, Inc. and subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Neighbors in Need of Services, Inc. and subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Neighbors in Need of Services, Inc. and subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Neighbors in Need of Services, Inc. and subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Neighbors in Need of Services, Inc. and subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Oscar R. Gonzalez CPA & Associates PLLC

Oscar R. Gonzalez, CPA & Associates, PLLC
Certified Public Accountants

Pharr, Texas
December 18, 2025

Neighbors in Need of Services, Inc.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended March 31, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:		<u>Unmodified</u>		
Internal control over financial reporting:				
One or more material weaknesses identified?	_____	YES	_____ X _____	NO
One or more significant deficiencies identified that are not considered to be material weaknesses?	_____	YES	_____ X _____	None Reported
Non-compliance material to financial statements noted?	_____	YES	_____ X _____	NO

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	_____	YES	_____ X _____	NO
One or more significant deficiencies identified that are not considered to be material weaknesses?	_____	YES	_____ X _____	None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)	_____	YES	_____ X _____	NO
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Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as a low-risk auditee?	_____ X _____	YES	_____	NO
------------------------------------------	---------------	-----	-------	----

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start/ Early Head Start
10.558	Child and Adult Care Food Program

B. Financial Statement Findings

None

C. Federal Award Findings

None

Neighbors in Need of Services, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2025

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Sub-Recipient
<u><i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i></u>				
Head Start Program and Early Head Start	93.600	06CH01162005	\$ 27,565,065	\$ -
Total Direct Program			<u>27,565,065</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>27,565,065</u>	<u>-</u>
<u><i>U.S. DEPARTMENT OF AGRICULTURE</i></u>				
Passed Through Texas Department of Agriculture (TDA)				
Child and Adult Care Food Program	10.558	16166TX332N1099	1,572,110	-
Total U.S. Department of Agriculture		NT4XL1YGLGC5	<u>1,572,110</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 29,137,175</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

Neighbors in Need of Services, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended March, 31, 2025

1. General – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of NINOS, Inc. (a nonprofit organization).

2. Basis of Accounting – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the financial statements. All the information presented in the schedule has been prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement.

3. Relationship to Federal Financial Reports Basis of Accounting – Amount reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule, which will be included in the future report filed with the agencies.

4. Program Income – As of March 31, 2025, NINOS, Inc. reports \$0 in program income based on the requirements presented in 45 CFR 75.307.

5. Indirect Cost Rate – NINOS, Inc. has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.