

Financial Statements and  
Independent Auditors' Reports  
Single Audit

**FAMILIES FORWARD, INC.**

As of and for the Years Ended  
September 30, 2025 and 2024

# FAMILIES FORWARD, INC.

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## INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Directors  
Families Forward, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Families Forward, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Families Forward, Inc. as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements.

In performing an audit in accordance with GAAS 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 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 March 25, 2026 on our consideration of the Organization's 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

*Haskell & White LLP*

HASKELL & WHITE LLP

Irvine, California  
March 25, 2026

**FAMILIES FORWARD, INC.**

**Statements of Financial Position  
As of September 30, 2025 and 2024**

<b>ASSETS</b>	<u>2025</u>	<u>2024</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,920,134	\$ 2,648,462
Grants and contributions receivable	1,875,132	483,872
Prepaid expenses and other current assets	248,837	146,658
Investments	<u>5,405,804</u>	<u>4,601,417</u>
Total current assets	<u>9,449,907</u>	<u>7,880,409</u>
Property and equipment, net	<u>23,995,628</u>	<u>24,037,844</u>
<b>Other assets</b>		
Restricted investments	412,028	372,558
Operating lease right-of-use assets	<u>26,727</u>	<u>105,842</u>
Total other assets	<u>438,755</u>	<u>478,400</u>
Total assets	<u><u>\$ 33,884,290</u></u>	<u><u>\$ 32,396,653</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 152,176	\$ 12,099
Accrued expenses	331,917	447,334
Clients' security deposits	106,698	100,585
Notes payable, current portion	934,592	70,443
Deferred revenue	1,008,091	1,292,973
Operating lease liabilities, current portion	<u>9,855</u>	<u>91,043</u>
Total current liabilities	<u>2,543,329</u>	<u>2,014,477</u>
<b>Noncurrent liabilities</b>		
Notes payable, noncurrent portion	1,696,789	2,630,708
Operating lease liabilities, noncurrent portion	<u>16,873</u>	<u>26,727</u>
Total noncurrent liabilities	<u>1,713,662</u>	<u>2,657,435</u>
Total liabilities	<u>4,256,991</u>	<u>4,671,912</u>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Without donor restrictions	24,993,954	24,425,039
With donor restrictions	<u>4,633,345</u>	<u>3,299,702</u>
Total net assets	<u>29,627,299</u>	<u>27,724,741</u>
Total liabilities and net assets	<u><u>\$ 33,884,290</u></u>	<u><u>\$ 32,396,653</u></u>

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

**FAMILIES FORWARD, INC.**

**Statements of Activities  
For The Year Ended September 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 2,931,616	\$ 1,807,503	\$ 4,739,119
Special events, net of direct benefit expenses of \$148,335	419,560	-	419,560
Grants from government agencies - program	3,280,766	26,151	3,306,917
Grants from government agencies - capital	694,536	-	694,536
Employee Retention Credits	891,529	-	891,529
Realized and unrealized gain on investments, net	377,731	-	377,731
Dividends and interest income	233,308	-	233,308
Rental and other income	1,378,626	-	1,378,626
Donated goods and services	2,313,389	-	2,313,389
	<u>12,521,061</u>	<u>1,833,654</u>	<u>14,354,715</u>
Total support and revenue			
	12,521,061	1,833,654	14,354,715
Net assets released from restrictions	<u>500,011</u>	<u>(500,011)</u>	<u>-</u>
Total support, revenue, and satisfaction of restrictions	<u>13,021,072</u>	<u>1,333,643</u>	<u>14,354,715</u>
<b>Expenses</b>			
Housing and other programs	11,347,951	-	11,347,951
Supporting services:			
Administration	508,740	-	508,740
Fundraising	595,466	-	595,466
	<u>1,104,206</u>	<u>-</u>	<u>1,104,206</u>
Total supporting services			
	1,104,206	-	1,104,206
Total expenses	<u>12,452,157</u>	<u>-</u>	<u>12,452,157</u>
<b>Change in net assets</b>	568,915	1,333,643	1,902,558
<b>Net Assets at beginning of year</b>	<u>24,425,039</u>	<u>3,299,702</u>	<u>27,724,741</u>
<b>Net Assets at end of year</b>	<u>\$ 24,993,954</u>	<u>\$ 4,633,345</u>	<u>\$ 29,627,299</u>

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

**FAMILIES FORWARD, INC.**

**Statements of Activities  
For The Year Ended September 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Contributions	\$ 3,017,739	\$ 500,000	\$ 3,517,739
Special events, net of direct benefit expenses of \$158,743	446,093	-	446,093
Grants from government agencies - program	2,280,179	-	2,280,179
Grants from government agencies - capital	2,044,144	1,200,000	3,244,144
Realized and unrealized gain on investments, net	871,356	-	871,356
Dividends and interest income	248,544	-	248,544
Rental and other income	1,306,118	-	1,306,118
Donated goods and services	1,077,698	-	1,077,698
Total support and revenue	11,291,871	1,700,000	12,991,871
Net assets released from restrictions	9,156	(9,156)	-
Total support, revenue, and satisfaction of restrictions	11,301,027	1,690,844	12,991,871
<b>Expenses</b>			
Housing and other programs	8,979,720	-	8,979,720
Supporting services:			
Administration	456,917	-	456,917
Fundraising	541,041	-	541,041
Total supporting services	997,958	-	997,958
Total expenses	9,977,678	-	9,977,678
<b>Change in net assets</b>	1,323,349	1,690,844	3,014,193
<b>Net Assets at beginning of year</b>	23,101,690	1,608,858	24,710,548
<b>Net Assets at end of year</b>	\$ 24,425,039	\$ 3,299,702	\$ 27,724,741

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

## FAMILIES FORWARD, INC.

### Statement of Functional Expenses For The Year Ended September 30, 2025

	Supporting Services				Total
	Housing and other Programs	Administration	Fundraising	Total Supporting Services	
Auto mileage	\$ 32,198	\$ 335	\$ 1,006	\$ 1,341	\$ 33,539
Bank charges	-	42,660	-	42,660	42,660
Computer expenses	133,639	7,424	7,424	14,848	148,487
Depreciation	461,505	9,516	4,758	14,274	475,779
Direct program expenses	3,088,702	-	-	-	3,088,702
Donated goods and services	2,324,472	-	-	-	2,324,472
Dues and subscriptions	11,061	1,822	130	1,952	13,013
Employee benefits	391,747	31,520	27,017	58,537	450,284
Fund development	-	-	100,262	100,262	100,262
Homeowner association fees	252,367	-	-	-	252,367
Insurance	135,537	7,530	7,530	15,060	150,597
Interest expenses	93,744	-	-	-	93,744
Maintenance	295,035	3,011	3,011	6,022	301,057
Newsletter and printing	843	84	785	869	1,712
Office expenses	43,592	3,507	3,006	6,513	50,105
Salaries and wages	3,493,031	281,049	240,899	521,948	4,014,979
Payroll service fees	22,322	1,796	1,539	3,335	25,657
Payroll taxes	254,502	20,477	17,552	38,029	292,531
Postage	2,384	409	4,019	4,428	6,812
Professional fees	117,105	84,169	164,679	248,848	365,953
Property taxes*	(74,406)	(846)	(955)	(1,801)	(76,207)
Staff development and meetings	30,830	2,481	2,126	4,607	35,437
Telephone	70,324	5,658	4,850	10,508	80,832
Truck	16,035	-	-	-	16,035
Utilities	124,479	3,973	3,973	7,946	132,425
Workers Comp	26,903	2,165	1,855	4,020	30,923
<b>Total expenses by function</b>	<b>\$ 11,347,951</b>	<b>\$ 508,740</b>	<b>\$ 595,466</b>	<b>\$ 1,104,206</b>	<b>\$ 12,452,157</b>

*\*Property tax expense (benefit) reflects refunds received in the current year totaling approximately \$205,000 due to certain assessor appeals board decisions including reductions of prior year penalties. Such refunds were partially offset by current year property tax expenses of \$129,000.*

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

## FAMILIES FORWARD, INC.

### Statement of Functional Expenses For The Year Ended September 30, 2024

	Supporting Services				Total
	Housing and other Programs	Administration	Fundraising	Total Supporting Services	
Auto mileage	\$ 27,429	\$ 286	\$ 857	\$ 1,143	\$ 28,572
Bank charges	-	46,533	-	46,533	46,533
Computer expenses	160,818	12,939	11,091	24,030	184,848
Depreciation	409,536	8,444	4,222	12,666	422,202
Direct program expenses	2,278,751	-	-	-	2,278,751
Donated goods and services	1,076,136	-	-	-	1,076,136
Dues and subscriptions	28,381	4,674	334	5,008	33,389
Employee benefits	345,985	27,838	23,861	51,699	397,684
Fund development	23,700	-	134,298	134,298	157,998
Homeowner association fees	234,236	-	-	-	234,236
Insurance	92,544	5,141	5,141	10,282	102,826
Interest expenses	96,369	-	-	-	96,369
Maintenance	273,609	2,792	2,792	5,584	279,193
Office expenses	28,907	2,326	1,994	4,320	33,227
Salaries and wages	3,203,449	257,749	220,928	478,677	3,682,126
Payroll service fees	20,192	1,625	1,393	3,018	23,210
Payroll taxes	231,648	18,638	15,976	34,614	266,262
Postage	3,068	526	5,171	5,697	8,765
Professional fees	70,300	50,528	98,859	149,387	219,687
Property taxes	104,587	1,189	1,343	2,532	107,119
Staff development and meetings	46,809	3,766	3,228	6,994	53,803
Telephone	76,724	7,208	5,291	12,499	89,223
Truck expenses	7,342	-	-	-	7,342
Utilities	99,772	1,543	1,543	3,086	102,858
Workers compensation	39,428	3,172	2,719	5,891	45,319
	<u>\$ 8,979,720</u>	<u>\$ 456,917</u>	<u>\$ 541,041</u>	<u>\$ 997,958</u>	<u>\$ 9,977,678</u>
Total expenses by function	<u>\$ 8,979,720</u>	<u>\$ 456,917</u>	<u>\$ 541,041</u>	<u>\$ 997,958</u>	<u>\$ 9,977,678</u>

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

**FAMILIES FORWARD, INC.**

**Statements of Cash Flows  
For The Years Ended September 30, 2025 and 2024**

	2025	2024
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,902,558	\$ 3,014,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	475,779	422,202
Amortization of right-of-use asset	79,115	77,730
Realized/unrealized gain on investments, net	(377,731)	(871,356)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(1,391,260)	208,026
Prepaid expenses and other current assets	(102,179)	54,394
Accounts payable	140,077	(22,884)
Accrued expenses	(115,417)	108,443
Clients' security deposits	6,113	10,038
Deferred revenue	(284,882)	652,533
Operating lease liabilities	(91,042)	(88,037)
Net cash provided by operating activities	241,131	3,565,282
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(433,562)	(2,681,872)
Purchases of investments	(3,202,726)	(847,605)
Sales of investments	2,736,599	764,574
Net cash used in investing activities	(899,689)	(2,764,903)
<b>Cash flows from financing activities:</b>		
Principal payments on notes payable	(69,770)	(67,143)
Net cash used in financing activities	(69,770)	(67,143)
Net (decrease) increase in cash and cash equivalents	(728,328)	733,236
Cash and cash equivalents, beginning of the year	2,648,462	1,915,226
Cash and cash equivalents, end of the year	\$ 1,920,134	\$ 2,648,462
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 93,744	\$ 96,369

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

# FAMILIES FORWARD, INC.

## Notes to Financial Statements For The Years Ended September 30, 2025 and 2024

### 1. Organization

Families Forward, Inc. (the Organization) is a not-for-profit agency dedicated to helping low income and homeless families in need. The Organization addresses families' needs at any point in their crisis by providing a broad spectrum of services, including housing, counseling, food, education, case management, life-skills training, and rent or utility assistance. Support and revenues are raised through various charitable events, grants, and private donations. The Organization was incorporated on November 30, 1984, is headquartered in Irvine, California, and serves families throughout Orange County, California. The Organization has historically run on an October 1 to September 30 fiscal year; however, the Organization changed its fiscal year end to June 30. Thus, the next fiscal year will end on June 30, 2026.

### 2. Significant Accounting Policies

#### *Basis of Presentation*

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Net Asset Classifications*

The Organization reports information regarding contributions and support received in its statements of financial position and statements of activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Organization.

Net Assets with Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 2. Significant Accounting Policies (continued)

#### *Net Asset Classifications (continued)*

been fulfilled, or both. Donor-restricted contributions, and appropriated endowment earnings whose restrictions are met in the same reporting period are reported as net assets without donor restrictions in the statements of activities.

The Financial Accounting Standards Board (“FASB”) has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

#### *Revenue Recognition*

##### Grant Revenue

Grant revenue consists of revenues derived from cost-reimbursement arrangements. Under cost-reimbursement grants, revenue is recognized as allowable qualifying expenditures are incurred in accordance with the specific contract or grant provisions. Amounts received in advance of incurring qualifying expenditures are recorded as deferred revenue on the statements of financial position.

In addition, the Organization receives funding from non-governmental, non-cost reimbursement grants that include donor-imposed conditions, such as measurable performance requirements or other barriers, and a right of return. As these arrangements are non-exchange in nature, revenue is not recognized until the applicable conditions are satisfied and all barriers have been overcome in accordance with the grant agreements. Funding received from individuals and other third-party organizations prior to meeting the related conditions is recorded as deferred revenue. Grant revenues with donor restrictions that are met within the same reporting period are reported as support without donor restrictions.

##### Contributions

The Organization recognizes unconditional contributions as revenue when received or when an unconditional promise to give is made. Contributions are classified based on the existence or absence of donor-imposed restrictions. Unconditional contributions without donor-imposed restrictions are reported as support without donor restrictions, while unconditional contributions with donor-imposed restrictions are reported as support with donor restrictions and may be expendable or required to be held in perpetuity.

## FAMILIES FORWARD, INC.

### Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

#### 2. Significant Accounting Policies (continued)

##### *Revenue Recognition (continued)*

##### Contributions (continued)

Conditional contributions, which include donor-imposed conditions such as measurable performance requirements or other barriers and a right of return, are recognized as revenue when the related conditions are substantially met.

Donor-imposed restrictions are considered satisfied when the related expenditures are incurred or when time restrictions expire, at which point net assets are released from restrictions. Contributions with donor-imposed restrictions that are satisfied in the same reporting period are reported as support without donor restrictions. Amounts received in advance of meeting donor-imposed conditions are recorded as refundable grant advances.

##### Rental Income

Rental income consists of rents paid by participants in the transitional and affordable housing programs. Rental rates are scaled based on participants' income, and rents are month-to-month.

The Organization provides for an allowance for estimated uncollectible receivables based on experience and an analysis of current receivable balances. Management believes that all grants and contributions receivable as of September 30, 2025 and 2024 are fully collectable; therefore, no allowance for uncollectable contributions was recorded.

##### Donated Goods and Services

Donated goods and services are primarily in the form of food, furniture, gift cards, items for the school and holiday programs, and legal services. From time to time, other types of donated goods and services, such as those relating to the rehabilitation of property, may be received as well. Food is valued based on set values provided by Second Harvest Food Bank of Orange County. Furniture, school, and Holiday Wish program contributions are valued based on the retail value prices of comparable items. Gift cards are recorded at their cash value. Contributed real estate is valued at the estimated fair value based on recent comparable sales prices in the property's real estate market.

Donated services are recorded at fair value in the period received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by the Organization. The estimated fair value of donated legal services is based on the law firms' detail of hours and rates for the legal services provided. Contributed services from construction contractors are valued at the estimated fair value based on current rates for similar construction services.

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 2. Significant Accounting Policies (continued)

#### *Revenue Recognition (continued)*

##### Deferred Revenue

Certain grants and contracts from foundations and governmental entities are included in deferred revenue due to stipulations within the agreements that contain barriers (as defined by Accounting Standards Update (“ASU”) 2018-08) that make these contributions conditional. These funds are recognized as eligible costs are incurred, that is, as the barriers to which entitlement depends are satisfied.

##### *Cash and Cash Equivalents*

The Organization considers all cash and short-term investments with an original maturity date of three months or less to be cash and cash equivalents.

##### *Investments*

Investments in equity securities with readily determinable fair values and debt securities are measured at fair value in the statements of financial position. Investments are reported at fair value in the statements of financial position and consist of mutual funds and money market funds. Donated investments are recorded at fair value on the date of donation and are included in contributions in the statements of activities. Sales and purchases of securities are recorded on a trade-date basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. Realized and unrealized gains and losses are included in the statements of activities.

##### *Property and Equipment*

Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to be used for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization has elected to capitalize all property and equipment additions greater than \$2,500. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Buildings and improvements	10 – 40 years
Furniture and equipment	5 - 15 years
Autos and trucks	5 years

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 2. Significant Accounting Policies (continued)

#### *Property and Equipment (continued)*

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

#### *Impairment of Long-Lived Assets*

The Organization's long-lived assets include land, buildings, right-of-use assets, and equipment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. As of September 30, 2025 and 2024, the Organization did not identify any impairment of its long-lived assets.

#### *Fair Value of Financial Instruments*

U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The statement requires fair value measurements to be classified and disclosed in one of the following three categories.

Level 1 - Quoted prices in active markets for identical assets and liabilities, including equity and debt securities and derivative contracts that are traded in an active exchange market.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

#### *Income Taxes*

The Organization is exempt from Federal and California income tax under Internal Revenue Code Section 501(c)(3) and similar provisions of the State of California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 2. Significant Accounting Policies (continued)

#### *Income Taxes (continued)*

Families Forward's Returns of Organization Exempt from Income Tax are subject to examination by the Internal Revenue Service and state taxing authorities, generally three to four years after the returns are filed.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Additionally, the financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy-related costs, which are allocated on a square footage basis, as well as labor-related expenses, which are allocated on the basis of estimates of time and effort.

### 3. Fair Value Measurements

Investments are valued at the closing price reported on the active market on which the individual securities are traded. The following table sets forth by level, within the fair value hierarchy, the Organization's investments and restricted investments at fair value as of September 30, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	\$ -	\$ 263,748	\$ -	\$ 263,748
Bond funds	2,113,917	-	-	2,113,917
Equity funds	3,274,946	-	-	3,274,946
Real estate funds	165,221	-	-	165,221
Total investments	\$ 5,554,084	\$ 263,748	\$ -	\$ 5,817,832
	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Certificate of deposit	\$ -	\$ 263,746	\$ -	\$ 263,746
Bond funds	1,173,576	-	-	1,173,576
Equity funds	3,236,712	-	-	3,236,712
Real estate funds	299,941	-	-	299,941
Total investments	\$ 4,710,229	\$ 263,746	\$ -	\$ 4,973,975

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 3. Fair Value Measurements (continued)

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

### 4. Property and Equipment

Property and equipment are summarized as follows at September 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 13,144,859	\$ 13,144,859
Buildings and improvements	12,622,831	12,395,905
Furniture and equipment	632,054	508,299
Autos and trucks	45,000	45,000
Real estate not placed in service	<u>1,508,618</u>	<u>1,425,736</u>
Total property and equipment	27,953,362	27,519,799
Accumulated depreciation	<u>(3,957,734)</u>	<u>(3,481,955)</u>
Total property and equipment, net	<u><u>\$ 23,995,628</u></u>	<u><u>\$ 24,037,844</u></u>

The accounts above include the properties acquired with the grant loans described in Note 6.

In December 2023 and May 2024, the Organization purchased two properties in Mission Viejo, California for approximately \$639,000 and \$561,000, respectively. The acquisitions were financed with grants from the City of Mission Viejo.

In November 2023, the Organization announced plans to build an affordable housing project in the City of Tustin. The Organization received \$4,500,000 in grant funding to support the construction of the project. The Organization's Board of Directors has designated \$1,150,000 towards the project. In December 2023, the Organization purchased a property for \$1,340,000. As of September 30, 2025, the project is in the process of obtaining required permits.

**FAMILIES FORWARD, INC.**

**Notes to Financial Statements (continued)  
For The Years Ended September 30, 2025 and 2024**

**5. Donated Goods and Services**

The estimated fair values of donated goods and services contributions recognized in the statements of activities are as follows for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Real estate improvements	\$ 153,389	\$ 174,775
Food	1,497,679	359,940
Services	30,869	17,290
Holiday Wish program/Back to School supplies	393,652	418,581
Gift cards	61,100	61,272
Other miscellaneous	176,700	45,840
	<u>\$ 2,313,389</u>	<u>\$ 1,077,698</u>

**6. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of September 30:

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Samueli Foundation grant	\$ 1,705,145	\$ 500,000
Food Pantry	26,151	-
Hoag grant	102,358	-
Time restrictions:		
CHDO grant loan	-	11
CDBG grant loans	2,544,691	2,544,691
Restrictions in perpetuity:		
Nancy Fund endowment	255,000	255,000
	<u>\$ 4,633,345</u>	<u>\$ 3,299,702</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of time restrictions:		
CHDO grant loan	\$ 11	\$ 9,156
Satisfaction of purpose restrictions:		
Samueli Foundation grant	500,000	-
	<u>\$ 500,011</u>	<u>\$ 9,156</u>

## FAMILIES FORWARD, INC.

### Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

#### 6. Net Assets with Donor Restrictions (continued)

##### *Grant Loans*

On November 17, 2004, the Organization received a Community Housing Development Organization (CHDO) grant loan from the City of Irvine in the amount of \$183,139 to partially fund the purchase of real property to be used for transitional housing rentals for homeless families for a period of 20 years. If, after the 20-year period, the Organization is not in default of the provisions of the grant loan, as defined in the agreement, the grant loan will expire and be of no force or effect on the Organization. In the event the Organization is in default, a pro rata portion of the grant loan plus accrued interest at 10% per annum will become immediately due and payable. The pro rata amount shall be determined by multiplying \$183,139 times the percentage obtained by dividing the number of months remaining on the 20-year term by 240. The grant loan was reported as a restricted contribution, as management considers the likelihood of default of the provisions of the grant loan to be remote, and is being released from restriction over the 20 years at \$9,156 per year. At September 30, 2025, no unreleased portion remained. At September 30, 2024, the unreleased portion of the grant was \$11. The CHDO grant loan is secured by a deed of trust on the property. Management believes that the Organization was in compliance with the provisions of the CHDO grant loan under the term.

In February 2017 and July 2020, the Organization received Community Development Block Grant (CDBG) loans from the City of Mission Viejo totaling \$820,000 and \$524,690, respectively, to fund the purchase of real property to be used for affordable housing rentals for low income and homeless families for a period of 55 years. If, after the 55-year period, the Organization is not in default of the provisions of the grant loans, as defined in the agreements, the grant loans will expire and be of no force or effect on the Organization. In the event the Organization is in default, the total amount of the principal and interest, accrued at 3% per annum, will become immediately due and payable. The CDBG loans are secured by deeds of trust on the properties acquired. The face values of the promissory notes are reported as net assets with donor restrictions, as management considers the likelihood of default and repayment to be remote.

In December 2023 and May 2024, the Organization received Community Development Block Grant (CDBG) and Low to Market Income Asset Fund (LMIHAF) loans from the City of Mission Viejo totaling \$639,000 and \$561,000, respectively, to fund the purchase of real property to be used for affordable housing rentals for low income and homeless families for a period of 35 years and 55 years, respectively. If, after the 35-year and 55-year period, the Organization is not in default of the provisions of the grant loans, as defined in the agreements, the grant loans will expire and be of no force or effect on the Organization. In the event the Organization is in default, the total amount of the principal and interest, accrued at 3% per annum, will become immediately due and payable. The CDBG and LMIHAF loans are secured by deeds of trust on the properties acquired. The face values of the promissory notes are reported as net assets with donor restrictions, as management considers the likelihood of default and repayment to be remote.

## FAMILIES FORWARD, INC.

### Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

#### 6. Net Assets with Donor Restrictions (continued)

##### *Endowment*

Pursuant to a gift agreement dated December 10, 2014, the donors funded a permanently restricted gift, herein referred to as an endowment (The Nancy Fund) of \$100,000. The gift agreement was amended in 2022 to increase the endowment to \$255,000. The permanent endowment investments of \$412,028 and \$372,558 are included in noncurrent assets in the statements of financial position at September 30, 2025 and 2024, respectively. The endowment will distribute an annual amount of up to but not more than 5% of its three-year average value for the purpose of supporting children's needs. The original gift amount will be designated as principal and will remain in the endowment in perpetuity to generate future income for distribution. Any distributions from the endowment will be used specifically to allocate direct grants to provide children with funding to enroll in enrichment programs, participate in special occasions, or receive vital fees, equipment, or materials to succeed.

The Organization's long-term investment policy is that no more than 5% of the investment portfolio shall be placed in any one security or fund, with the exception of a money market fund or a broadly diversified mutual fund or exchange-traded fund. As of September 30, 2025, the investment restricted for permanent endowment was comprised of an equity fund that allocates its assets among underlying funds that represent a variety of different asset classes.

The value of the investments restricted for permanent endowment was included in restricted investments in the statements of financial positions and was accounted for as follows:

Endowment fund balance, September 30, 2023	\$ 296,716
Dividends and interest earned	9,261
Change in value of investments	66,581
Endowment fund balance, September 30, 2024	<u>372,558</u>
Dividends and interest earned	28,068
Change in value of investments	<u>11,696</u>
Endowment fund balance, September 30, 2025	<u><u>\$ 412,322</u></u>

#### 7. Net Assets without Donor Restrictions

The Organization's Board of Directors established the Legacy Fund in June 2010 to create a source of sustainable income to support and advance the mission of the Organization and to help secure the long-term financial future of the Organization. The intent in establishing the Legacy Fund is to maintain the principal invested and accumulate earnings to grow the fund to a significant reserve to support future operational needs or funding to seize strategic opportunities. The Legacy Fund totaled \$2,051,835 and \$1,852,898 as of September 30, 2025 and 2024, respectively.

## FAMILIES FORWARD, INC.

### Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

#### 7. Net Assets without Donor Restrictions (continued)

The Board of Directors has designated \$1,150,000 for the construction of a project in Tustin.

These reserves are Board-designated and could be changed at any time with an approved Board motion to revise these designations for the benefit of the Organization.

#### 8. Notes Payable

The Organization has a \$100,000 note payable dated September 2015, which is secured by a real estate deed of trust, is non-interest bearing, and is payable in 50 annual installments of \$2,000, beginning in 2020.

In connection with the purchase of an eight-bedroom apartment complex in Costa Mesa in February 2019, the Organization executed two promissory notes for \$1,000,000 each, which are secured by certain real estate assets held by the Organization. The first note is payable in 83 monthly payments of principal and interest of \$5,134, with a final payment of approximately \$879,000 in March 2026. Interest is calculated at 1.95% above the index rate of California Bank & Trust (the Bank) (4.53% at September 30, 2025 and 2024).

The interest rate on these notes are fixed interest rates until maturity of the notes. The second note was refinanced on February 23, 2022 and is payable in 12 monthly payments of \$3,494, including interest at 0.9%, followed by 107 monthly payments of \$4,420, including interest at 2.99%, followed by a final payment of approximately \$639,000, including interest at 2.99%, on February 23, 2032. The loan agreements contain various financial and nonfinancial covenants and conditions. Management believes the Organization was in compliance with the covenants and conditions. The Organization is currently in the process of refinancing the note, and received a 90 day extension on the \$879,000 payment while it finishes the refinancing process.

The Organization executed a \$900,000 construction loan dated October 6, 2021, secured by the deed of trust on the property in Costa Mesa described in Note 4, and is payable in 59 monthly payments of principal and interest of \$3,905, with a final payment of approximately \$807,000 in October 2026. Interest is calculated at 2.20% above the Bank's index rate, resulting in an initial rate of 3.18%. Management believes the Organization was in compliance with such covenants and the loan agreement contains various financial and nonfinancial covenants and conditions. Management plans to refinance this loan prior to the maturity date.

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 8. Notes Payable (continued)

As of September 30, 2025, future maturities of the notes payable are as follows for the years ending September 30:

2026	\$ 934,592
2027	834,536
2028	32,196
2029	33,175
2030	34,120
Thereafter	<u>762,762</u>
Total	<u>\$ 2,631,381</u>

#### *Line of Credit*

The Organization entered into a revolving line of credit with a bank in July 2025 that provides for maximum borrowings of \$1,350,000. The line of credit bears interest at the bank's prime rate, minus 1.5% and is secured by the Organization's investment assets. There were no amounts outstanding under the line of credit as of September 30, 2025.

### 9. Related Party Transactions

Members of the Board of Directors collectively contributed approximately \$147,337 and \$146,000 to the Organization during the years ended September 30, 2025 and 2024, respectively.

### 10. Concentrations and Contingencies

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to \$250,000 at Federal Deposit Insurance Corporation (FDIC) insured institutions are covered by FDIC insurance. As of September 30, 2025 and 2024, such deposits were in excess of FDIC insurance limits; however, management does not believe the Organization is exposed to any significant related credit risk.

The Samueli Foundation accounted for approximately 14% of the Organization's total support and revenue for the year ended September 30, 2025. The City of Irvine accounted for approximately 10% for the year ended September 30, 2024.

The Organization receives a significant portion of its revenues from government grants and contracts, which are subject to audit by the grant making agency. Until such audits have been completed and final settlements determined, a contingency exists to refund any amount received in excess of allowable costs. Management believes that no material liability will result from such audits.

**FAMILIES FORWARD, INC.**

**Notes to Financial Statements (continued)  
For The Years Ended September 30, 2025 and 2024**

**10. Concentrations and Contingencies (continued)**

Governmental agencies that gave grants for the purchase and rehabilitation of the land and buildings on which the Organization operates its housing programs have liens against the various properties that they could enforce should the Organization cease to operate the properties as low income and homeless housing or sell or otherwise dispose of the properties. Management has no intention to cease operating the properties as low income and homeless housing or to sell or otherwise dispose of the properties.

*Employee Retention Credits*

The Employee Retention Credits (“ERC”) are refundable tax credits against certain employment taxes for eligible employers. In September 2023, the Organization claimed ERCs of approximately \$1,600,000. The Organization records ERCs in the financial statements when realized. The Organization received and recorded ERCs of approximately \$892,000 and \$0 of ERCs during the years ended September 30, 2025 and 2024, respectively. No additional ERC funds are expected to be received in the future.

**11. Operating Leases**

The Organization leased a facility in Santa Ana, California under a lease agreement through August 31, 2025. Management did not extend the lease upon expiration. The monthly charge was \$6,382 through the expiration date and \$6,136 as of September 30, 2024. Additionally, the Organization entered into various leasing arrangements for small office equipment ranging for a period of two to three years.

As of September 30, 2025, minimum lease payments for future years ending September 30 are as follows:

2026	\$	10,595
2027		5,940
2028		5,940
2029		5,940
Total lease payments		28,415
Less: imputed interest		(1,687)
Total		26,728
Less: current portion		(9,855)
Operating lease liabilities, noncurrent portion	\$	16,873

Weighted-average remaining lease term and discount rate for the Organization’s operating leases as of September 30, 2025 are as follows:

Weighted-average remaining lease term (years)	1.48
Weighted-average discount rate	3.87%

# FAMILIES FORWARD, INC.

## Notes to Financial Statements (continued) For The Years Ended September 30, 2025 and 2024

### 12. Retirement Plans

In May 1997, the Organization established a tax-sheltered annuity retirement plan for qualified employees under Section 403(b) of the Internal Revenue Code. Under the provisions of the plan, the Organization contributes 3% of the participating employees' salaries. In addition, employees may make voluntary contributions, for which the Organization will match up to an additional 4% of the employees' salaries. The Organization's contributions, charged to expense, were \$214,814 and \$212,030 for 2025 and 2024, respectively.

On October 1, 2004, the Board of Directors established a 457(b) deferred compensation plan for members of the management team. The plan provides for salary reduction only, with no matching provision from the Organization.

### 13. Availability of Financial Assets and Liquidity

Financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure are as follows:

Financial assets, at September 30, 2025:*	\$ 9,201,070
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions**	(1,833,655)
Board designations:	
Legacy fund	(2,051,835)
Reserve for capital purchases	<u>(1,150,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,315,580</u>

\* Total current assets less nonfinancial assets (i.e., prepaid expenses and other current assets).

\*\* Total restricted net assets less CDBG grant loans of \$2,544,690 and Nancy Fund restrictions of \$255,000, as such amounts are not included in the financial assets total above.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain liquid financial assets on hand to meet six months of normal operating expenses.

**FAMILIES FORWARD, INC.**

**Notes to Financial Statements (continued)**  
**For The Years Ended September 30, 2025 and 2024**

**14. Subsequent Events**

Management has evaluated subsequent events through March 25, 2026, the date the financial statements were available to be issued.

**GOVERNMENT AUDIT INFORMATION SECTION**

**Independent Auditors' 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***

Audit Committee and Board of Directors  
Families Forward, 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 financial statements of Families Forward, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis of designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 have not been identified.

**Independent Auditors' 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* (continued)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's 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 financial statement amounts. 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.

*Haskell & White LLP*

HASKELL & WHITE LLP

Irvine, California  
March 25, 2026

**Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required  
by the Uniform Guidance**

Audit Committee and Board of Directors  
Families Forward, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Families Forward Inc.'s (the "Organization") 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 the Organization's major federal programs for the year ended September 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 September 30, 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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 of the Organization's compliance with the compliance requirements referred to above.

**Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required  
by the Uniform Guidance (continued)**

***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 the Organization's federal programs.

***Auditors' 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 the Organization's 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 GAAS, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

**Independent Auditors' Report on Compliance for Each Major Program and  
on Internal Control Over Compliance Required  
by the Uniform Guidance (continued)**

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 Auditors' 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.

*Haskell & White LLP*

HASKELL & WHITE LLP

Irvine, California  
March 25, 2026

**FAMILIES FORWARD, INC.**

**Schedule of Expenditures of Federal Awards  
For The Year Ended September 30, 2025**

<u>Federal Grants/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant or Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
United States Department of Housing and Urban Development			
<u>Community Development Block Grants/Entitlement Grants</u>	14.218		
City of Huntington Beach		B-24-MC-06-0506	\$ 53,958
City of Huntington Beach		B-24-MC-06-0506	14,269
City of Costa Mesa		B-24-MC-06-0503	21,487
City of Costa Mesa		B-25-MC-06-0503	7,405
City of Irvine		B-24-MC-06-0557	12,975
City of Irvine		B-25-MC-06-0557	11,530
City of Lake Forest		B-24-MC-06-0584	13,334
City of Lake Forest		B-25-MC-06-0584	5,996
City of Mission Viejo		B-24-MC-06-0585	3,968
City of Mission Viejo		B-25-MC-06-0585	3,941
City of Newport Beach		8482-4G	17,928
City of Tustin		FY24/25-03	16,178
City of Tustin		FY 25/26-03	4,716
City of Orange		B-24-MC-06-0507	16,259
City of Orange		B-25-MC-06-0507	5,034
City of Mission Viejo - Loan		Contract # A17-05	820,000
City of Mission Viejo - Loan		4831-1733-8811v5/200347-0011	524,690
City of Mission Viejo - Loan		4875-6851-1624v3/200347-0011	639,000
City of Mission Viejo - Loan		4879-8987-2040v3/200347-0011	561,000
<u>COVID-19 -Community Development Block Grants/Entitlement Grants</u>	14.218		
City of Irvine - Capital - Loan		B-21-MC-06-0557	546,106
City of Irvine - Capital - Loan		City of Irvine - CDBG	585,712
Subtotal			<u>3,885,486</u>
<u>COVID-19 - Emergency Solutions Grant Program:</u>	14.231		
County of Orange RRH+ (ESG)		E-23-DC-06-0001	198,520
County of Orange RRH+ (ESG)		E-23-DC-06-0001	80,761
Irvine Recovery Plan		11560	60,363
Homeless Prevention and Diversion		11832A	52,833
Homeless Prevention and Diversion		11833	10,140
Subtotal			<u>402,617</u>
<u>HOME Investment Partnerships Program:</u>	14.239		
Home-Assisted Tenant Based Rental Assistance		M-23-MC-06-0507	172,569
Huntington Beach TBRA		FY2024-2025	159,382
Huntington Beach TBRA		FY 2025-26	89,305
Home-Assisted Tenant Based Rental Assistance		M-23-MC-06-0507	88,101
CAP OC Community Market		MA 012-24010641	25,000
Subtotal			<u>534,357</u>

See accompanying notes to the schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**FAMILIES FORWARD, INC.**

**Schedule of Expenditures of Federal Awards (continued)  
For The Year Ended September 30, 2025**

<u>Federal Grants/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant or Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
United States Department of Housing and Urban Development (continued)			
<u>Continuum of Care Program:</u>	14.267		
HUD		CA2290L9D022300	396,845
HUD		CA2290L9D022401	98,139
RRH+		E-23-UC-06-0504	217,692
RRH+		E-23-UC-06-0504	<u>109,783</u>
Subtotal			<u>822,459</u>
United States Department of Justice			
<u>Transitional Housing</u>	16.736		
Human Options (OVW-TH)		O-OVW-2021--42001	<u>40,971</u>
Subtotal			<u>40,971</u>
United States Department of Treasury			
<u>Coronavirus State and Local Fiscal Recovery Funds (CSLFRF):</u>	21.027		
Santa Ana Eviction Prevention		427369v1	730,046
CM No Fault Eviction Prevention		RFP-017-2604003-CR	135,084
Costa Mesa - Loan		Affordable Housing Grant	<u>975,000</u>
Subtotal			<u>1,840,130</u>
United States Department of Homeland Security			
<u>Emergency Food and Shelter National Board Program:</u>	97.024		
EFSP Phase 41		LRO ID: 078600-053	<u>43,927</u>
Subtotal			<u>43,927</u>
Total Expenditures of Federal Awards			<u>\$ 7,569,947</u>

See accompanying notes to the schedule of expenditures of federal awards and report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

## **FAMILIES FORWARD, INC.**

### **Notes to Schedule of Expenditures of Federal Awards For The Year Ended September 30, 2025**

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Families Forward, Inc. (the "Organization") under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented 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"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected to use the de minimis indirect cost rate allowed under Uniform Guidance (15% and 10% as of September 30, 2025 and 2024, respectively).

#### **3. Loan Balances with Continuing Compliance Requirements**

The Organization received governmental loans for the acquisition and rehabilitation of real estate. The outstanding loan balances with continuing compliance requirements totaled \$2,544,690, of which \$1,200,000 was disbursed during the year ended September 30, 2024. The remaining \$524,690 and \$820,000 were disbursed during the years ended September 30, 2020 and 2017, respectively.

#### **4. Contingencies**

Grant monies received and disbursed by the Organization are for specific purposes and are subject to an audit by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization.

**FAMILIES FORWARD, INC.**

**Schedule of Findings and Questioned Costs  
For The Year Ended September 30, 2025**

**Section I - Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP.	<b>Unmodified</b>	
Internal control over financial reporting:		
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Type of auditors' report issued on compliance for the major program	<b>Unmodified</b>	
Internal control over major program:		
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)	_____ Yes	_____ <u>X</u> No

Identification of the major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>\$ 1,000,000</u> _____
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

**Section II - Financial Statement Findings:**

None

**Section III - Federal Award Findings and Questioned Costs:**

None

**FAMILIES FORWARD, INC.**

**Summary Schedule of Prior Audit Findings  
For The Year Ended September 30, 2025**

**Comments Originating in the Year Ended September 30, 2024**

There were no audit findings or questioned costs relative to federal awards for the year ended September 30, 2024.