

# **Arrow Child & Family Ministries**

Consolidated Financial Report

June 30, 2025

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## **Independent Auditors' Report**

To the Board of Directors of  
Arrow Child & Family Ministries

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Arrow Child & Family Ministries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Arrow Child & Family Ministries as of June 30, 2025 and 2024, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Arrow Child & Family Ministries, 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 Consolidated Financial Statements***

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 November 19, 2025 on our consideration of Arrow Child & Family Ministries' 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 Arrow Child & Family Ministries' 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 Arrow Child & Family Ministries' internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
November 19, 2025

# Arrow Child & Family Ministries

## Consolidated Statements of Financial Position

### June 30, 2025 and 2024

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash	\$ 4,360,825	\$ 3,555,822
Investments	2,035,339	1,120,808
Program service receivables, net	14,140,390	11,424,079
Contributions and grants receivables	795,515	314,159
Other receivables	235,149	68,595
Prepaid expenses	1,813,578	422,275
Lease right of use assets, net		
Operating	13,396,410	9,244,047
Finance	2,694,561	2,384,529
Property, net		
Held for sale	4,164,095	4,164,095
In-service	4,469,983	4,853,502
<b>TOTAL ASSETS</b>	<b>\$ 48,105,845</b>	<b>\$ 37,551,911</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Foster parent and provider payables	\$ 5,157,748	\$ 3,378,012
Accounts payable	1,930,652	2,237,788
Accrued salaries and related expenses	4,374,390	2,582,857
Lease liabilities		
Operating	14,064,058	9,529,741
Finance	2,701,679	2,441,444
Other liabilities	226,796	23,481
Notes payable, net	4,181,311	4,397,788
Refundable advances	286,762	611,752
Total liabilities	32,923,396	25,202,863
<b>NET ASSETS</b>		
Without donor restrictions	14,966,146	12,194,336
With donor restrictions	216,303	154,712
Total net assets	15,182,449	12,349,048
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 48,105,845</b>	<b>\$ 37,551,911</b>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

# Arrow Child & Family Ministries

## Consolidated Statement of Activities

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program service revenue	\$ 122,653,910	\$ -	\$ 122,653,910
Contributions and grants			
Government grants	-	3,895,639	3,895,639
Other financial assets	778,228	347,832	1,126,060
Nonfinancial assets	202,136	-	202,136
Other	508,391	-	508,391
Net assets released from restrictions			
Program expenditures	4,181,880	(4,181,880)	-
Total revenues	128,324,545	61,591	128,386,136
<b>EXPENSES</b>			
Program services			
Child and family	92,705,462	-	92,705,462
Specialized education	17,740,090	-	17,740,090
Residential	4,276,933	-	4,276,933
Total program services	114,722,485	-	114,722,485
Supporting services			
Management and general	9,999,036	-	9,999,036
Fundraising	983,157	-	983,157
Total supporting services	10,982,193	-	10,982,193
Total expenses	125,704,678	-	125,704,678
<b>OTHER CHANGES IN NET ASSETS</b>			
Investment income	107,574	-	107,574
Unrealized and realized gain on investments	44,369	-	44,369
Change in net assets	2,771,810	61,591	2,833,401
<b>NET ASSETS, beginning of year</b>	12,194,336	154,712	12,349,048
<b>NET ASSETS, end of year</b>	\$ 14,966,146	\$ 216,303	\$ 15,182,449

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statement of Activities

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Program service revenue	\$ 69,215,484	\$ -	\$ 69,215,484
Contributions and grants			
Government grants	-	5,170,875	5,170,875
Other financial assets	1,110,263	156,072	1,266,335
Nonfinancial assets	157,608	-	157,608
Other	339,783	-	339,783
Net assets released from restrictions			
Program expenditures	5,328,121	(5,328,121)	-
Total	76,151,259	(1,174)	76,150,085
<b>EXPENSES</b>			
Program services			
Child and family	48,070,677	-	48,070,677
Specialized education	16,194,987	-	16,194,987
Residential	3,178,880	-	3,178,880
Total program services	67,444,544	-	67,444,544
Supporting services			
Management and general	6,774,293	-	6,774,293
Fundraising	810,940	-	810,940
Total supporting services	7,585,233	-	7,585,233
Total expenses	75,029,777	-	75,029,777
<b>OTHER CHANGES IN NET ASSETS</b>			
Loss on disposal of assets	(107,167)	-	(107,167)
Investment income	49,032	-	49,032
Unrealized gain on investments	62,593	-	62,593
Change in net assets	1,125,940	(1,174)	1,124,766
<b>NET ASSETS, beginning of year</b>	11,068,396	155,886	11,224,282
<b>NET ASSETS, end of year</b>	\$ 12,194,336	\$ 154,712	\$ 12,349,048

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statement of Functional Expenses

### For the Year Ended June 30, 2025

	Program Services				Supporting Services			
	Child and Family	Specialized Education	Residential	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 33,976,449	\$ 13,002,638	\$ 2,574,952	\$ 49,554,039	\$ 6,279,271	\$ 773,928	\$ 7,053,199	\$ 56,607,238
Pass-thru reimbursements	45,871,375	275	434	45,872,084	-	-	-	45,872,084
Facilities maintenance and operations	2,398,474	1,627,184	776,511	4,802,169	1,486,560	4,169	1,490,729	6,292,898
Contract labor	744,966	635,551	274,390	1,654,907	837,053	144,000	981,053	2,635,960
Supplies	1,580,502	185,121	25,081	1,790,704	90,954	3,316	94,270	1,884,974
Meetings, trainings, and travel	3,241,271	214,750	50,473	3,506,494	532,208	24,860	557,068	4,063,562
Insurance	656,221	256,153	144,969	1,057,343	151,715	-	151,715	1,209,058
Depreciation	72,196	596,677	666	669,539	175,367	-	175,367	844,906
Information technology	1,788,135	347,005	45,471	2,180,611	-	10,948	10,948	2,191,559
Food services	2,145	472,629	81,405	556,179	-	-	-	556,179
Interest	-	-	-	-	403,905	-	403,905	403,905
Professional services and fees	1,703,547	188,809	229,809	2,122,165	-	5	5	2,122,170
Children's clothing and personal needs	383,492	155,496	71,796	610,784	43	1,620	1,663	612,447
Marketing and communications	238,506	36,685	8,577	283,768	27,753	14,362	42,115	325,883
Other	48,183	21,117	(7,601)	61,699	14,207	5,949	20,156	81,855
<b>TOTAL EXPENSES</b>	<b>\$ 92,705,462</b>	<b>\$ 17,740,090</b>	<b>\$ 4,276,933</b>	<b>\$ 114,722,485</b>	<b>\$ 9,999,036</b>	<b>\$ 983,157</b>	<b>\$ 10,982,193</b>	<b>\$ 125,704,678</b>

The Notes to the Consolidated Financial Statements are an integral part of this statement.



# Arrow Child & Family Ministries

## Consolidated Statement of Functional Expenses

### For the Year Ended June 30, 2024

	Program Services				Supporting Services			
	Child and Family	Specialized Education	Residential	Total	Management and General	Fundraising	Total	Total
Salaries and benefits	\$ 17,321,462	\$ 11,463,334	\$ 1,873,317	\$ 30,658,113	\$ 4,130,821	\$ 584,475	\$ 4,715,296	\$ 35,373,409
Pass-thru reimbursements	22,787,144	7,420	1,020	22,795,584	-	248	248	22,795,832
Facilities maintenance and operations	1,797,057	2,018,875	668,928	4,484,860	687,635	4	687,639	5,172,499
Contract labor	680,098	716,713	190,523	1,587,334	649,131	144,000	793,131	2,380,465
Supplies	1,541,866	199,067	44,831	1,785,764	26,144	1,084	27,228	1,812,992
Meetings, trainings, and travel	1,527,245	288,944	48,334	1,864,523	118,723	2,667	121,390	1,985,913
Insurance	371,979	264,883	124,181	761,043	152,101	-	152,101	913,144
Depreciation	59,810	29,428	-	89,238	149,547	-	149,547	238,785
Information technology	1,111,515	419,807	17,320	1,548,642	-	6,150	6,150	1,554,792
Food services	7	391,541	41,895	433,443	-	-	-	433,443
Interest	10,307	4,523	-	14,830	437,571	-	437,571	452,401
Professional services and fees	392,691	151,893	104,247	648,831	32,671	-	32,671	681,502
Children's clothing and personal needs	214,731	141,563	45,085	401,379	-	-	-	401,379
Marketing and communications	81,058	37,338	3,443	121,839	450	2,316	2,766	124,605
Other	173,707	59,658	15,756	249,121	389,499	69,996	459,495	708,616
<b>TOTAL EXPENSES</b>	<b>\$ 48,070,677</b>	<b>\$ 16,194,987</b>	<b>\$ 3,178,880</b>	<b>\$ 67,444,544</b>	<b>\$ 6,774,293</b>	<b>\$ 810,940</b>	<b>\$ 7,585,233</b>	<b>\$ 75,029,777</b>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

# Arrow Child & Family Ministries

## Consolidated Statements of Cash Flows

### For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,833,401	\$ 1,124,766
Adjustments to reconcile net assets to net cash provided by (used in) operating activities		
Depreciation	844,906	238,785
Amortization of debt issuance costs	16,958	16,958
Operating lease asset amortization	2,209,406	1,297,103
Financing lease asset amortization	1,004,701	597,779
Unrealized and realized gain on investments	(44,369)	(62,593)
Loss on disposal of property	-	107,167
Changes in operating assets and liabilities		
Program service receivables	(2,716,311)	(6,573,408)
Contributions and grants receivable	(481,356)	(47,207)
Other receivable	(166,554)	608,695
Prepaid expenses	(1,391,303)	135,205
Foster parent and provider payables	1,779,736	2,431,709
Accounts payable	(307,136)	889,850
Accrued salaries and related expenses	1,791,533	510,289
Other liabilities	203,315	23,481
Refundable advances	(324,990)	(492,655)
Operating lease liability	(1,827,452)	(1,011,409)
Net cash provided by (used in) operating activities	3,424,485	(205,485)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	877,227	-
Purchases of investments	(1,747,389)	(1,058,215)
Purchases of property	(461,387)	(2,566,396)
Net cash used in investing activities	(1,331,549)	(3,624,611)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance leases payable	(1,054,498)	(545,930)
Principal payments on notes payable	(233,435)	(248,284)
Net cash used in financing activities	(1,287,933)	(794,214)
Net change in cash and cash equivalents	805,003	(4,624,310)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>3,555,822</u>	<u>8,180,132</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 4,360,825</u>	<u>\$ 3,555,822</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 403,905</u>	<u>\$ 452,401</u>
Lease right of use assets financed by new lease liabilities		
Operating	<u>\$ 6,361,769</u>	<u>\$ 5,994,518</u>
Finance	<u>\$ 1,314,733</u>	<u>\$ 1,692,664</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

# **Arrow Child & Family Ministries**

## **Notes to the Consolidated Financial Statements**

### **Note 1. Organization and Summary of Significant Accounting Policies**

#### **Nature of Activities**

Arrow Child & Family Ministries provides services that advance the well-being of children and families by promoting safety and stability through building trust-based relationships.

The following program services were provided by Arrow Child & Family Ministries during years ended June 30, 2025 and 2024:

- Child and Family Services
  - Community-Based Care in the Piney Woods area
  - Foster Care
  - Public Adoption
  - Community-Based Services
  - Durable Medical Equipment and Supplies
- Specialized, Non-Public Education Services
  - Arrow Center for Education – Riverside School – K through 12th Grade and STRIVE
  - Arrow Center for Education – Tangram School – K through 12th Grade and Students up to age 21
  - Arrow Center for Education – Hunt Valley School – 3<sup>rd</sup> through 12<sup>th</sup> Grade
- Residential Programs
  - Crossroads Transitional Living – Independence living for older female youth

#### **Basis of Accounting**

The consolidated financial statements of Arrow Child & Family Ministries have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Consolidation**

The consolidated financial statements include the assets, liabilities, net assets and activities of the following entities: Arrow Child & Family Ministries (Arrow), Arrow Child & Family Ministries of Texas (Arrow Texas), Arrow Child & Family Ministries of Maryland, Inc. (Arrow Maryland), 4Kids4Families (4Kids4Families) and Arrow Health Solutions, LLC (AHS). These affiliated entities are consolidated as required by Accounting Standards Codification (ASC) 958-810, Not-for-Profit Entities - Consolidation, due to the existence of common control and shared economic interest and are referred to collectively as Arrow Child & Family Ministries.

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Financial Statement Presentation

Arrow Child & Family Ministries is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, other support, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations.

Accordingly, Arrow Child & Family Ministries' net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources that are available for the support of operations.

Net assets with donor restrictions – Include grants, contributions and other program income expendable only for purposes specified or approved by the grantor or donor. Amount also includes amounts to be invested or held in perpetuity. As of June 30, 2025 and 2024, Arrow Child & Family Ministries had no amounts in net assets with donor restrictions that are held in perpetuity.

### Income Taxes

Arrow, Arrow Texas, 4Kids4Families and Arrow Maryland are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and are classified as public charities under §509(a)(2) and §170(b)(1)(A). AHS is a disregarded entity for federal income tax purposes as a single-member limited liability company.

### Cash

Cash and cash equivalents consist primarily of demand deposits held with several financial institutions, and money market accounts. The carrying value of cash and cash equivalents approximate fair value. At times, balances exceed the federally insured limit per depositor per institution.

### Investment Securities

Investment securities are stated at fair value (see Note 3). Net gains and losses, which consist of realized and unrealized gains and losses, are reflected in the consolidated statement of activities. Dividend and interest income are accrued when earned.

### Program Service Receivables and Revenue

Program service revenue and receivables arise from contracts with government child welfare and Medicaid agencies in the States of Texas and Maryland for Arrow Child & Family Ministries to provide support and services for children in protective custody.

During year ended June 30, 2025 and 2024, program service revenue consisted of foster care contract revenue, adoption revenue, school and school related services revenue, residential revenue, and Medicaid reimbursement revenue, net of adjustments for uncollectible revenue and revenue adjustments, along with program service fee revenue related to their contract with the Texas Department of Family and Protective Services for community-based care, including blended rate revenue, exceptional rate revenue, purchased family services revenue, network support revenue and resource transfer revenue. For blended rate revenue and exceptional rate revenue, revenue is recognized by service date of foster care. For purchased family services revenue, revenue is recognized as costs are incurred. Network support revenue and resource transfer revenue is recognized each month as performance barriers are met.

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

Program service fee revenue is recognized in the month support and services are provided in an amount that reflects the consideration Arrow Child & Family Ministries expects to be entitled to receive based on level of care, placement authorization, etc. There are no significant financing components or variable considerations that exist. Performance obligations are satisfied at point-in-time when services are performed. Subsequent changes to estimated revenue are recorded to program service revenue when they are identified. Management does not believe the effect of unidentified adjustments would be material to revenue recognized.

Arrow Child & Family Ministries recognizes an allowance for losses on program service receivables in an amount equal to the current expected loss. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectations of future conditions, as well as an assessment of specifically identifiable accounts considered at risk or uncollectible. Management evaluates the adequacy of the allowance for credit losses and collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share those risk characteristics and are considered at risk or uncollectible.

The allowance for credit losses related to receivables and changes therein were as follows as of June 30, 2025 and 2024:

	2025	2024
Balance at beginning of year	\$ 216,803	\$ 660,306
Provision for credit losses	2,169,422	216,803
Revenue adjustments	(1,635,197)	(640,624)
Other adjustments	-	(19,682)
Balance at end of year	<u>\$ 751,028</u>	<u>\$ 216,803</u>

Program service receivables reflect the amounts Arrow Child & Family Ministries expects to receive for support and services already provided. Amounts are generally collected one to two months after support and services are provided. Receivables are due from state agencies in Texas and Maryland and from Medicaid. Management believes balances will be fully collected and no allowance has been provided.

### Contributions and Grants Revenue and Receivables

Contributions and grants revenue and receivable – Nonreciprocal promises to transfer cash or other assets are recognized as contributions and grants revenue at fair value when an unconditional commitment is received from the donor. Conditional contributions and grants are subject to one or more barriers that must be overcome before Arrow Child & Family Ministries is entitled to receive or retain funding. Conditional contributions and grants are recognized when the conditions are met. Funding received before conditions are met is reported as refundable advances. Refundable advances of \$286,762 and \$611,752 are recorded as of June 30, 2025 and 2024.

Contributions and grants receivable are unconditional commitments expected to be collected in future years. Amounts expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to the present value of their future cash flows. Management believes balances will be fully collected and no allowance has been provided. Contributions and grants receivable at June 30, 2025 and 2024 are due within one year.

### Prepaid Expenses

Prepaid expenses consist of payments made in advance for expenses related to future periods.

# **Arrow Child & Family Ministries**

## **Notes to the Consolidated Financial Statements**

### **Property and Equipment**

Property held and used is reported at cost, if purchased, or at fair value at the date of gift, if donated. Arrow Child & Family Ministries capitalizes property additions with a cost or fair value of \$10,000 or greater and an estimated useful life of more than one year. Arrow Child & Family Ministries provides for depreciation using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years for furniture, equipment, and vehicles, and 15 to 39 years for buildings and improvements.

Property held for sale consists of two properties actively being marketed and is reported at cost net of accumulated depreciation which is less than estimated sales price.

### **Contributions of Nonfinancial Assets**

Contributions of services are recognized at fair value when services received (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 if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the consolidated financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

### **Expense Allocations**

Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include solicitation of contributions of money, securities, materials, facilities, other assets, and volunteer time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity, including salaries and benefits; facilities maintenance and operations; contract labor; insurance; information technology; and professional services and fees are allocated among the activities benefitted using an appropriate methodology based on activity, square footage of facilities used, or time and effort based on salary or on full-time equivalent counts. Allocations are reviewed annually as part of the annual budget cycle and adjusted as needed during the year for major changes in activities.

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Concentrations**

During the year ended June 30, 2024, contributions from two donors made up 48% of contributions of financial assets.

### **Subsequent Events**

Management has evaluated subsequent events through November 19, 2025, which is the date that the consolidated financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 2. Liquidity and Availability of Resources

Arrow Child & Family Ministries regularly monitors liquidity required to meet its operating needs and other contractual commitments. Arrow Child & Family Ministries has various sources of liquidity at its disposal, including cash and credit facilities.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Arrow Child & Family Ministries considers all expenditures related to its ongoing program activities of child and family service, residential programs, and specialized education programs, as well as the activities undertaken to support those programs, to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	2025	2024
Financial assets		
Cash	\$ 4,360,825	\$ 3,555,822
Investments	2,035,339	1,120,808
Program service receivables	14,140,390	11,424,079
Contributions and grants receivable	795,515	314,159
Other receivables	235,149	68,595
Total financial assets	21,567,218	16,483,463
Less net assets with donor restrictions	(216,303)	(154,712)
Financial assets available for general expenditure within one year	<u>\$ 21,350,915</u>	<u>\$ 16,328,751</u>

### Note 3. Investment Securities

Investment securities consist of the following at June 30, 2025 and 2024:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Domestic corporate obligations	\$ 883,906	\$ 859,992	\$ 513,307	\$ 493,651
Short-term money market fund investments	412,304	412,304	277,041	277,041
Common stock	739,129	655,481	330,460	283,748
	<u>\$ 2,035,339</u>	<u>\$ 1,927,777</u>	<u>\$ 1,120,808</u>	<u>\$ 1,054,440</u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 4. Fair Value Measurements

Arrow Child & Family Ministries records its investments in investment securities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instrument or market and the instrument's complexity.

Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

Level 1 inputs	Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 inputs	Inputs (other than quoted market prices included within Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date. Inputs may include quoted prices for the identified instrument in an inactive market; prices for similar instruments; interest rates, credit risk, and similar data.
Level 3 inputs	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term money market fund investments and common stock are valued at the last sales prices on the largest securities exchange in which such securities have been traded on the valuation date.

Domestic corporate obligations are valued using information from the custodian, which is based on quoted prices available from well-known brokers.

Arrow Child & Family Ministries may have risk associated with its concentration of investments, and there were no changes to valuation methods in regards to investments during years ended June 30, 2025 and 2024.



## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

The following summarizes Arrow Child & Family Ministries' investment securities using the fair value hierarchy by type of investment and industry representing identified risks to the portfolio at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Type of investment				
Domestic corporate obligations	\$ -	\$ 883,906	\$ -	\$ 883,906
Short-term money market fund investments	412,304	-	-	412,304
Common stock	739,129	-	-	739,129
	<u>\$ 1,151,433</u>	<u>\$ 883,906</u>	<u>\$ -</u>	<u>\$ 2,035,339</u>
Industry				
Cash equivalents	\$ 412,304	\$ -	\$ -	\$ 412,304
Consumer discretionary	105,224	171,596	-	276,820
Energy	78,708	119,106	-	197,814
Financials	138,824	84,021	-	222,845
Health care	84,314	105,893	-	190,207
Industrials	26,284	27,859	-	54,143
Information technology	165,238	127,431	-	292,669
Materials	-	25,386	-	25,386
Real estate	48,527	96,570	-	145,097
Retail services	44,975	51,500	-	96,475
Transportation	21,652	42,958	-	64,610
Other	25,383	31,586	-	56,969
Total	<u>\$ 1,151,433</u>	<u>\$ 883,906</u>	<u>\$ -</u>	<u>\$ 2,035,339</u>

The following summarizes Arrow Child & Family Ministries' investment securities using the fair value hierarchy by type of investment and industry representing identified risks to the portfolio at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Type of investment				
Domestic corporate obligations	\$ -	\$ 513,307	\$ -	\$ 513,307
Short-term money market fund investments	277,041	-	-	277,041
Common stock	330,460	-	-	330,460
	<u>\$ 607,501</u>	<u>\$ 513,307</u>	<u>\$ -</u>	<u>\$ 1,120,808</u>
Industry				
Cash equivalents	\$ 277,041	\$ -	\$ -	\$ 277,041
Consumer discretionary	32,677	187,247	-	219,924
Energy	36,552	-	-	36,552
Financials	52,586	78,432	-	131,018
Health care	49,816	60,153	-	109,969
Industrials	11,545	51,453	-	62,998
Information technology	61,604	26,724	-	88,328
Materials	-	84,064	-	84,064
Real estate	32,782	25,234	-	58,016
Retail services	25,123	-	-	25,123
Transportation	17,887	-	-	17,887
Other	9,888	-	-	9,888
Total	<u>\$ 607,501</u>	<u>\$ 513,307</u>	<u>\$ -</u>	<u>\$ 1,120,808</u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 5. Program Service Revenue and Receivables

Program service receivables at June 30 were due as follows:

	2025	2024	2023
State of Maryland child welfare and education agencies	\$ 2,548,058	\$ 2,229,412	\$ 1,972,704
State of Texas child welfare agencies	9,995,276	8,377,882	2,495,449
Medicaid	1,597,056	816,785	382,518
Total program service receivables	<u>\$ 14,140,390</u>	<u>\$ 11,424,079</u>	<u>\$ 4,850,671</u>

Program service revenue was recognized as follows during the year ended June 30, 2025:

	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Total
Child and family	\$ 28,445,247	\$ 3,019,529	\$ -	\$ 62,552,006	\$ 94,016,782
Specialized education	-	17,639,784	-	-	17,639,784
Residential	-	5,710,585	-	-	5,710,585
Medicaid	1,061,524	2,336,417	1,888,818	-	5,286,759
Total program service revenue	<u>\$ 29,506,771</u>	<u>\$ 28,706,315</u>	<u>\$ 1,888,818</u>	<u>\$ 62,552,006</u>	<u>\$ 122,653,910</u>

Program service revenue was recognized as follows during the year ended June 30, 2024:

	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Total
Child and family	\$ 22,129,206	\$ 2,714,237	\$ -	\$ 20,519,798	\$ 45,363,241
Specialized education	-	15,424,561	-	-	15,424,561
Residential	-	3,201,621	-	-	3,201,621
Medicaid	1,103,768	2,172,286	1,950,007	-	5,226,061
Total program service revenue	<u>\$ 23,232,974</u>	<u>\$ 23,512,705</u>	<u>\$ 1,950,007</u>	<u>\$ 20,519,798</u>	<u>\$ 69,215,484</u>

### Note 6. Leases

Arrow Child & Family Ministries leases office space and equipment under long-term non-cancellable lease agreements. Arrow Child & Family Ministries determines if an arrangement is a lease at inception. Operating leases are included in operating leases right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Financing leases are included in operating leases ROU assets and financing lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The ROU assets also include any lease pre-payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

In evaluating contracts to determine if they qualify as a lease, Arrow Child & Family Ministries considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment. None of Arrow Child & Family Ministries' lease agreements contain contingent rental payments, material residual value guarantees or material restrictive covenants. The depreciable lives of related leasehold improvements is based on the shorter of the useful life or the lease term. Arrow Child & Family Ministries has no sublease agreements and performs interim reviews of its long-lived assets for impairment when evidence exists that the carrying value of an asset group, including a lease asset, may not be recoverable. Arrow Child & Family Ministries did not recognize an impairment expense associated with operating or financing lease assets during 2025 or 2024. Arrow Child & Family Ministries' lease payments may include rental payments adjusted for inflation or market rates, and lease terms with options to renew the lease when it is reasonably certain Arrow Child & Family Ministries will exercise such an option. The exercise of lease renewal options is generally at Arrow Child & Family Ministries' discretion. Payments based on a change in an index or market rate are not considered in the determination of lease payments for purposes of measuring the related lease liabilities.

The following accounting policies are in place related to leases:

- *Short-term leases* – Leases with an initial term of 12 months or less are recognized as expense on a straight-line basis over the lease term.
- *Discount rates* – Arrow Child & Family Ministries uses its incremental borrowing rate as the discount rate when the rate implicit in a lease is not readily determinable.
- *Lease and non-lease components* – Arrow Child & Family Ministries utilizes the practical expedient to choose whether to separate non-lease components from lease components by class of underlying assets or account for them as a single lease component. Arrow Child & Family Ministries does not separate lease and non-lease components for copier leases but does separate lease and non-lease components for other leases.

At June 30, 2025 and 2024, operating lease right-of-use assets and lease liabilities included real estate leases for office and program space in Texas and Maryland. Finance lease right-of-use assets and lease liabilities included computer and copier equipment, furnishings, and vehicles. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Finance lease right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

The components of lease costs for the year ended June 30, 2025 and 2024 are as follows:

	2025	2024
Amortization of right of use assets	\$ 1,004,701	\$ 597,779
Interest on lease liabilities	52,581	41,779
Operating lease costs	2,209,406	1,594,974
Short-term lease costs	140,533	639,463
Total lease costs	<u>\$ 3,407,221</u>	<u>\$ 2,873,995</u>

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

Cash paid for amounts included in the measurement of lease liabilities during the year ended June 30:

	2025	2024
Operating leases asset - amortization	\$ 2,209,406	\$ 1,297,103
Operating leases liability - operating cash outflows	1,827,452	1,011,409
Finance leases		
Operating cash outflows	\$ 1,004,701	\$ 597,779
Financing cash outflows	1,054,498	545,930

The weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2025:

	Operating	Finance
Weighted - average remaining lease term	129 months	28 months
Weighted - average discount rate	3.81%	5.40%

The weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2024:

	Operating	Finance
Weighted - average remaining lease term	65 months	43 months
Weighted - average discount rate	3.81%	5.40%

Undiscounted cash flows related to operating and finance lease liabilities at June 30, 2025 are as follows:

	Operating	Finance
2026	\$ 1,992,209	\$ 1,041,894
2027	2,104,372	987,100
2028	1,846,751	606,121
2029	1,609,932	160,825
2030	1,217,782	7,697
Thereafter	5,336,098	-
Total undiscounted cash flows	14,107,144	2,803,637
Less discount to present value	(43,086)	(101,958)
Discount present value of lease liabilities	<u>\$ 14,064,058</u>	<u>\$ 2,701,679</u>

## Arrow Child & Family Ministries

### Notes to the Consolidated Financial Statements

Undiscounted cash flows related to operating and finance lease liabilities at June 30, 2024 are as follows:

	Operating	Finance
	<u>                    </u>	<u>                    </u>
2025	\$ 1,468,055	\$ 812,171
2026	1,441,360	717,844
2027	1,370,093	585,583
2028	1,203,455	336,661
2029	1,067,776	40,085
Thereafter	<u>3,186,483</u>	<u>-</u>
Total undiscounted cash flows	9,737,222	2,492,344
Less discount to present value	<u>(207,481)</u>	<u>(50,900)</u>
Discount present value of lease liabilities	<u><u>\$ 9,529,741</u></u>	<u><u>\$ 2,441,444</u></u>

#### Note 7. Property

Property held and used consists of the following:

	2025	2024
	<u>                    </u>	<u>                    </u>
Land	\$ 679,638	\$ 679,638
Buildings and improvement	5,684,177	3,886,807
Furnitures, equipment, and vehicles	1,803,251	1,523,836
Construction in progress	<u>48,718</u>	<u>1,728,830</u>
Total property held and used	8,215,784	7,819,111
Accumulated depreciation	<u>(3,745,801)</u>	<u>(2,965,609)</u>
Property held and used, net	<u><u>\$ 4,469,983</u></u>	<u><u>\$ 4,853,502</u></u>

Total depreciation expense for years ended June 30, 2025 and 2024 were \$844,906 and \$238,785 respectively.

Property held for sale at June 30 consists of the following:

	2025	2024
	<u>                    </u>	<u>                    </u>
Land	\$ 321,177	\$ 321,177
Buildings and improvement	7,340,646	7,340,646
Furnitures, equipment, and vehicles	<u>220,596</u>	<u>220,596</u>
Total property held for sale	7,882,419	7,882,419
Accumulated depreciation	<u>(3,718,324)</u>	<u>(3,718,324)</u>
Property held for sale, net	<u><u>\$ 4,164,095</u></u>	<u><u>\$ 4,164,095</u></u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 8. Line of Credit and Notes Payable

Arrow Child & Family Ministries maintains a revolving line of credit with a bank to access up to \$3.5 million of short-term liquidity as needed. Outstanding balances bore interest at Ameribor Term-30, and matured December 31, 2022. On May 1, 2023, this was amended to increase the borrowing base to \$6.5 million with a maturity date of March 31, 2024 and a comparable interest rate. In 2024, this was amended to increase the borrowing base to \$10 million with a maturity date in 2025. There was no outstanding balance at June 30, 2024 or June 30, 2025. Notes payable of Arrow Child & Family Ministries as of June 30 is noted as follows:

	2025	2024
Note payable to a bank bearing variable interest, which is adjusted monthly (6.91% at June 30, 2025). Principal and interest due monthly through maturity in May 2028.	\$ 2,277,350	\$ 2,396,068
Note payable to a bank bearing variable interest, which is adjusted monthly (6.91% at June 30, 2025). Principal and interest due monthly through maturity in November 2027, net of unamortized debt issuance costs of \$45,130 at June 30, 2025 and \$62,088 at June 30, 2024.	1,949,091	2,063,808
Notes payable	4,226,441	4,459,876
Less unamortized debt issuance costs	(45,130)	(62,088)
Notes payable, net of unamortized debt issuance costs	<u>\$ 4,181,311</u>	<u>\$ 4,397,788</u>

Substantially all of Arrow Child & Family Ministries' property is pledged as collateral for notes payable to a financial institution, and the debt is subject to financial covenants. The debt service requirements at June 30, 2025 are as follows:

2026	\$ 244,933
2027	257,475
2028	<u>3,724,033</u>
Total notes payable	<u>\$ 4,226,441</u>

# Arrow Child & Family Ministries

## Notes to the Consolidated Financial Statements

### Note 9. Contributed Nonfinancial Assets

Arrow Child & Family Ministries recognized contributed nonfinancial assets for the year ended June 30 as follows:

	2025	2024
Personal items	\$ 202,136	\$ 157,608
Total contributed nonfinancial assets	<u>\$ 202,136</u>	<u>\$ 157,608</u>

Arrow Child & Family Ministries receives clothing, school supplies, blankets, bicycles, and other personal items for distribution to participants in residential and foster care programs. Personal items are recognized as contributions based on their estimated cost and are recognized as expenses when distributed to participants. All values are based on comparable costs to purchase those items in the Houston, Texas market. No donor restrictions existed related to contributed nonfinancial assets.

### Note 10. Net Assets

Net assets with donor restrictions include those assets whose use has been restricted by the donor for a specified purpose.

Net assets with donor restrictions of \$216,303 and \$154,712 are restricted for program use as of June 30, 2025 and 2024.

Releases from restriction were as follows for year ended June 30:

	2025	2024
Program purposes - grants	\$ 3,895,639	\$ 5,170,875
Program purposes - other	286,241	157,246
Total release from restriction	<u>\$ 4,181,880</u>	<u>\$ 5,328,121</u>

### Note 11. Grants

Grants include revenue from cost-reimbursable federal and state grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific contract or grant provisions.

# **Arrow Child & Family Ministries**

## **Notes to the Consolidated Financial Statements**

### **Note 12. Commitments and Contingencies**

Arrow Child & Family Ministries is party to vendor contracts and other agreements with federal, state and local governmental agencies and with private agencies which require fulfillment of certain provisions and are subject to review and audit by those agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds in the event of noncompliance by Arrow Child & Family Ministries. Management believes such disallowances, if any, would not be material to Arrow Child & Family Ministries' financial position or changes in net assets.

### **Note 13. Employee Benefit Plans**

*Retirement benefits* – Arrow Child & Family Ministries maintains a tax-deferred retirement plan (the Plan) qualified under §403(b) of the Internal Revenue Code. The Plan covers full-time and part-time employees of Arrow Child & Family Ministries. Employees, at their sole discretion, may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Service. Arrow Child & Family Ministries may make discretionary contributions to the Plan. Currently, Arrow Child & Family Ministries matches 50% of employee contributions to the Plan up to 3%. New hires are automatically enrolled at a 1% contribution rate. Arrow Child & Family Ministries contributed \$433,308 to the Plan in 2025 and \$282,243 in 2024.

*Health benefits* – Arrow Child & Family Ministries has a self-funded health benefit plan, which is administered by a third party. Effective May 1, 2023, Arrow Child & Family Ministries was primarily self-insured up to \$100,000 per employee for health benefits with additional third-party coverage provided by an aggregate stop-loss policy, which limits the maximum individual and aggregate losses. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not yet reported and are reported on an undiscounted basis.



## **Other Supplementary Information**

**Arrow Child & Family Ministries**  
Maryland Programs – Alternative Schedule of  
Functional Revenues and Expenses  
For Accounting in Compliance with Purchase of Care Contracts  
(Basis for All Supplementary Schedules and Rate Calculations)  
For the Year Ended June 30, 2025

					Supporting Services	Unallowable	
	Foster Care	Transitional Living	Community Services	School	Management and General	Fundraising and Development	Total
<b>REVENUES</b>							
Foster care payments	\$ 3,019,529	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,019,529
Family centered treatment juvenile services	-	-	204,586	-	-	-	204,586
Transitional living	-	5,710,585	-	-	-	-	5,710,585
Baltimore City DSS	-	-	9,216	-	-	-	9,216
School revenue	-	-	-	13,669,586	-	-	13,669,586
Related services income	-	-	-	3,756,395	-	-	3,756,395
Medicaid billing	-	-	-	2,454,771	-	-	2,454,771
Other income/ prior year adjustments	(23,059)	(8,554)	13,071	(64,940)	-	-	(83,482)
Contributions and grants	76,516	25,883	355,903	27,563	-	-	485,865
Total revenues	3,072,986	5,727,914	582,776	19,843,375	-	-	29,227,051
<b>EXPENSES</b>							
Salaries and wages/contract labor	1,108,132	2,539,408	131,165	11,706,852	-	-	15,485,557
Payroll taxes	68,116	163,828	9,185	1,010,543	-	-	1,251,672
Fringe benefits	146,894	186,605	36,410	862,774	-	-	1,232,683
Staff development costs	12,919	30,788	1,615	-	-	-	45,322
Contracted services	62,615	273,043	2,940	550,661	-	-	889,259
Publicity	22,338	6,711	558	-	-	-	29,607
Food and food preparation	-	82,015	-	-	-	-	82,015
Foster care payments	1,031,134	-	-	-	-	-	1,031,134
Clothing	336	15,257	16	-	-	-	15,609
Recreation/special events	5,208	28,613	1,700	-	-	-	35,521
Personal needs and allowances	-	27,928	47	-	-	-	27,975
Travel and transportation	33,745	18,163	21,159	123,550	-	-	196,617
Occupancy	123,816	233,709	-	1,925,768	-	-	2,283,293
Utilities	239	23,931	55	-	-	-	24,225
Repairs and maintenance	845	101,232	194	-	-	-	102,271
Insurance and taxes	26,668	37,735	1,958	-	-	-	66,361
Supplies	6,166	24,774	1,059	800,344	-	-	832,343
Equipment rental and repair	38,191	78,347	-	1,650	-	-	118,188
Printing and advertising	-	-	-	32,528	-	-	32,528
Telephone	11,036	25,058	867	83,052	-	-	120,013
Postage and shipping	1,299	1,966	279	10,682	-	-	14,226
Conference and conventions	13,278	13,287	8,170	-	-	-	34,735
Dues	5,209	5,235	556	47,861	-	-	58,861
Depreciation	43	53	10	281,307	-	-	281,413
Educational experience	-	-	-	77,526	-	-	77,526
Total expenses	2,718,227	3,917,686	217,943	17,515,098	-	-	24,368,954
Excess (shortage) of revenues over expenses	354,759	1,810,228	364,833	2,328,277	-	-	4,858,097
<b>TOTAL DIRECT EXPENSES</b>	2,718,227	3,917,686	217,943	17,515,098	-	-	24,368,954
Allocation of management and general expenses	193,362	271,735	11,961	1,675,915	(2,152,973)	-	-
<b>TOTAL ALLOWABLE EXPENSES ALLOCATED TO PROGRAMS</b>	2,911,589	4,189,421	229,904	19,191,013	(2,152,973)	-	24,368,954
Allocation of net unallowable, revenue offset and functional expenses	26,137	16,441	332,960	623,901	-	(999,439)	-
<b>TOTAL NET EXPENSES ALLOCATED TO PROGRAMS</b>	2,937,726	4,205,862	562,864	19,814,914	(2,152,973)	(999,439)	24,368,954
<b>EXCESS OF REVENUES OVER ALLOCATED EXPENSES</b>	\$ 135,260	\$ 1,522,052	\$ 19,912	\$ 28,461	\$ -	\$ -	\$ 1,705,685

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – Foster Care  
For the Year Ended June 30, 2025

<b>EXPENSES</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Salaries and wages/contract labor	\$ 1,959,024	\$ 1,108,132	\$ 850,892
Payroll taxes	140,215	68,116	72,099
Fringe benefits	276,741	146,894	129,847
Staff development costs	50,555	12,919	37,636
Contracted services	70,215	62,615	7,600
Publicity	29,002	22,338	6,664
Foster care payments	1,664,872	1,031,134	633,738
Clothing	-	336	(336)
Recreation/ special events	-	5,208	(5,208)
Occupancy	63,541	123,816	(60,275)
Utilities	32,224	239	31,985
Repairs and maintenance	48,337	845	47,492
Insurance and taxes	33,835	26,668	7,167
Supplies	48,337	6,166	42,171
Depreciation	-	43	(43)
Equipment rental and repair	43,503	38,191	5,312
Printing and copying	8,056	-	8,056
Telephone	51,559	11,036	40,523
Postage and shipping	5,639	1,299	4,340
Membership and subscriptions	6,043	5,209	834
Conference and conventions	25,779	13,278	12,501
Travel and transportation	76,000	33,745	42,255
Total expenses	4,633,477	2,718,227	1,915,250
Allocation of management and general expenses	619,880	193,362	426,518
Total allowable expenses	5,253,357	2,911,589	2,341,768
Allocation of net unallowable expenses	-	26,137	(26,137)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAM</b>	<b>\$ 5,253,357</b>	<b>\$ 2,937,726</b>	<b>\$ 2,315,631</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – Transitional Living  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages/contract labor	\$ 2,450,338	\$ 2,539,408	\$ (89,070)
Payroll taxes	177,651	163,828	13,823
Fringe benefits	347,951	186,605	161,346
Staff development costs	36,953	30,788	6,165
Contracted services	46,672	273,043	(226,371)
Publicity	1,715	6,711	(4,996)
Food and Food Preparation	64,159	82,015	(17,856)
Clothing	29,052	15,257	13,795
Recreation/special events	11,984	28,613	(16,629)
Personal needs	25,179	27,928	(2,749)
Occupancy	229,500	233,709	(4,209)
Utilities	32,007	23,931	8,076
Repairs and maintenance	33,745	101,232	(67,487)
Insurance and taxes	35,114	37,735	(2,621)
Supplies	28,003	24,774	3,229
Depreciation	-	53	(53)
Equipment rental and repair	30,347	78,347	(48,000)
Telephone	38,607	25,058	13,549
Postage and shipping	3,680	1,966	1,714
Membership and subscriptions	4,446	5,235	(789)
Conference and conventions	2,208	13,287	(11,079)
Travel and transportation	61,467	18,163	43,304
Total expenses	3,690,778	3,917,686	(226,908)
Allocation of management and general expenses	312,832	271,735	41,097
Total allowable expenses	4,003,610	4,189,421	(185,811)
Allocation of net unallowable expenses	-	16,441	(16,441)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAM</b>	<b>\$ 4,003,610</b>	<b>\$ 4,205,862</b>	<b>\$ (202,252)</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School Total  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ 11,584,828	\$ 11,706,852	\$ (122,024)
School Administrative	1,176,092	1,280,441	(104,349)
Direct Classroom	4,156,479	4,047,606	108,873
Related Services	1,701,398	1,683,371	18,027
General Support	4,550,859	4,695,434	(144,575)
Fringe benefits	1,382,211	862,774	519,437
Payroll taxes	1,036,658	1,010,543	26,115
Professional/contract fees	838,337	550,661	287,676
Supplies and non-capital equipment	723,576	800,344	(76,768)
Phone/fax/internet	135,200	83,052	52,148
Postage and shipping	12,049	10,682	1,367
Occupancy	1,985,519	1,925,768	59,751
Rental/maintenance of equipment	74,846	1,650	73,196
Printing and advertising	32,556	32,528	28
Publications	14,146	-	14,146
Transportation	145,440	123,550	21,890
Educational experience	76,730	77,526	(796)
Dues	45,795	47,861	(2,066)
Depreciation	43,188	281,307	(238,119)
Total expenses	18,131,079	17,515,098	615,981
Allocation of management and general expenses	1,247,748	1,675,915	(428,167)
Total allowable expenses	19,378,827	19,191,013	187,814
Allocation of net unallowable expenses	-	623,901	(623,901)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 19,378,827</b>	<b>\$ 19,814,914</b>	<b>\$ (436,087)</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Hunt Valley School Location  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ 2,301,865	\$ 2,342,609	\$ (40,744)
School Administrative	337,332	448,142	(110,810)
Direct Classroom	900,491	841,681	58,810
Related Services	403,190	359,677	43,513
General Support	660,852	693,109	(32,257)
Fringe benefits	274,057	134,309	139,748
Payroll taxes	205,543	206,492	(949)
Professional/contract fees	149,020	168,250	(19,230)
Supplies and non-capital equipment	275,078	298,647	(23,569)
Phone/fax/internet	30,590	18,682	11,908
Postage and shipping	3,668	3,080	588
Occupancy	588,368	619,362	(30,994)
Rental/maintenance of equipment	15,153	373	14,780
Printing and advertising	2,482	2,648	(166)
Transportation	37,080	37,123	(43)
Educational experience	24,385	24,416	(31)
Dues	15,762	16,033	(271)
Depreciation	-	242,203	(242,203)
Total expenses	3,923,051	4,114,227	(191,176)
Allocation of management and general expenses	269,259	384,657	(115,398)
Total allowable expenses	4,192,310	4,498,884	(306,574)
Allocation of net unallowable expenses	-	147,450	(147,450)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 4,192,310</b>	<b>\$ 4,646,334</b>	<b>\$ (454,024)</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Mountain Road Location  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ -	\$ 28,297	\$ (28,297)
General Support	-	28,297	(28,297)
Fringe benefits	-	320	(320)
Payroll taxes	-	2,303	(2,303)
Supplies and non-capital equipment	-	20	(20)
Occupancy	-	150	(150)
Total expenses	-	31,090	(31,090)
Allocation of management and general expenses	-	-	-
Total allowable expenses	-	31,090	(31,090)
Allocation of net unallowable expenses	-	-	-
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ -</b>	<b>\$ 31,090</b>	<b>\$ (31,090)</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Riverside Rise Location  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ 3,055,924	\$ 3,159,232	\$ (103,308)
School Administrative	343,093	358,231	(15,138)
Direct Classroom	1,364,150	1,386,964	(22,814)
Related Services	431,719	470,628	(38,909)
General Support	916,962	943,409	(26,447)
Fringe benefits	365,185	217,537	147,648
Payroll taxes	273,889	287,661	(13,772)
Professional/contract fees	380,987	149,619	231,368
Supplies and non-capital equipment	242,742	242,737	5
Phone/fax/internet	54,926	25,214	29,712
Postage and shipping	3,004	2,937	67
Occupancy	749,429	663,473	85,956
Rental/maintenance of equipment	38,757	503	38,254
Printing and advertising	9,011	6,996	2,015
Publications	11,317	-	11,317
Transportation	55,570	37,168	18,402
Educational experience	27,312	27,704	(392)
Dues	18,238	19,051	(813)
Depreciation	4,806	1,476	3,330
Total expenses	5,291,097	4,841,308	449,789
Allocation of management and general expenses	470,683	482,711	(12,028)
Total allowable expenses	5,761,780	5,324,019	437,761
Allocation of net unallowable expenses	-	91,678	(91,678)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 5,761,780</b>	<b>\$ 5,415,697</b>	<b>\$ 346,083</b>



**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Riverside Strive Location  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ 1,178,951	\$ 1,124,093	\$ 54,858
School Administrative	65,125	47,007	18,118
Direct Classroom	351,948	362,352	(10,404)
Related Services	150,191	116,343	33,848
General Support	611,687	598,391	13,296
Fringe benefits	140,721	57,826	82,895
Payroll taxes	105,540	76,467	29,073
Professional/contract fees	95,388	39,772	55,616
Supplies and non-capital equipment	62,758	64,525	(1,767)
Phone/fax/internet	13,235	6,702	6,533
Postage and shipping	724	781	(57)
Occupancy	180,775	176,366	4,409
Rental/maintenance of equipment	7,636	134	7,502
Printing and advertising	2,172	1,860	312
Publications	2,829	-	2,829
Transportation	13,390	9,880	3,510
Educational experience	6,721	6,871	(150)
Dues	4,536	5,064	(528)
Depreciation	1,158	392	766
Total expenses	1,816,534	1,570,733	245,801
Allocation of management and general expenses	105,593	147,816	(42,223)
Total allowable expenses	1,922,127	1,718,549	203,578
Allocation of net unallowable expenses	-	24,864	(24,864)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 1,922,127</b>	<b>\$ 1,743,413</b>	<b>\$ 178,714</b>

**Arrow Child & Family Ministries**  
Maryland Programs – Comparison of Budgeted Expenses to  
Actual Expenses – School  
Tangram Location  
For the Year Ended June 30, 2025

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>EXPENSES</b>			
Salaries and wages	\$ 5,048,088	\$ 5,052,621	\$ (4,533)
School Administrative	430,542	427,061	3,481
Direct Classroom	1,539,890	1,456,609	83,281
Related Services	716,298	736,723	(20,425)
General Support	2,361,358	2,432,228	(70,870)
Fringe benefits	602,248	452,782	149,466
Payroll taxes	451,686	437,620	14,066
Professional/contract fees	212,942	193,020	19,922
Supplies and non-capital equipment	142,998	194,415	(51,417)
Phone/fax/internet	36,449	32,454	3,995
Postage and shipping	4,653	3,884	769
Occupancy	466,947	466,417	530
Rental/maintenance of equipment	13,300	640	12,660
Printing and advertising	18,891	21,024	(2,133)
Travel and transportation	39,400	39,379	21
Educational experience	18,312	18,535	(223)
Dues	7,259	7,713	(454)
Depreciation	37,224	37,236	(12)
Total expenses	7,100,397	6,957,740	142,657
Allocation of management and general expenses	402,213	660,731	(258,518)
Total allowable expenses	7,502,610	7,618,471	(115,861)
Allocation of net unallowable expenses	-	359,909	(359,909)
<b>TOTAL EXPENSES ALLOCATED TO PROGRAMS</b>	<b>\$ 7,502,610</b>	<b>\$ 7,978,380</b>	<b>\$ (475,770)</b>

# Arrow Child & Family Ministries

## Maryland Programs – Schedule of Funding Sources

### For the Year Ended June 30, 2025

Maryland Department of Human Services - Foster Care	\$ 3,019,529
Baltimore City Department of Social Services - Community Services	9,216
Maryland Department of Juvenile Services - Community Services	204,586
Maryland Department of Human Services - Transitional Living	5,710,585
Maryland State Department of Education - Hunt Valley	3,809,641
Maryland State Department of Education - Riverside Rise	3,799,868
Maryland State Department of Education - Riverside Strive	1,010,091
Maryland State Department of Education - Tangram	5,049,986
	<hr/>
Subtotal Contract Revenue	22,613,502
Maryland Department of Mental Health - Hunt Valley	351,038
Maryland Department of Mental Health - Riverside Rise	545,250
Maryland Department of Mental Health - Riverside Strive	144,940
Maryland Department of Mental Health - Tangram	1,413,543
	<hr/>
Subtotal Medicaid Reimbursement	2,454,771
<i>(adjusted for MSDE 20% allowed retainage; Hunt Valley \$70,207; Mountain Road \$0, Riverside Rise \$109,050; Riverside Strive \$28,988; Tangram \$282,709*</i>	
Maryland State Department of Education - Hunt Valley	602,099
Maryland State Department of Education - Riverside Rise	834,362
Maryland State Department of Education - Riverside Strive	221,792
Maryland State Department of Education - Tangram	2,098,142
	<hr/>
Subtotal Related Services Revenue	3,756,395
Treatment Foster Care	(23,059)
Transitional Living	(8,554)
Arrow Center for Education - Hunt Valley	4,466
Arrow Center for Education - Riverside Rise	11,940
Arrow Center for Education - Riverside Strive	3,174
Arrow Center for Education - Tangram	(84,520)
Community Services (PRP)*	13,071
	<hr/>
Subtotal Other Income	(83,482)
Treatment Foster Care	76,516
Transitional Living	25,883
Arrow Center for Education - Hunt Valley	4,563
Arrow Center for Education - Riverside Rise	14,616
Arrow Center for Education - Riverside Strive	3,885
Arrow Center for Education - Tangram	4,499
Community Services (PRP)	355,903
	<hr/>
Subtotal Donations*	485,865
	<hr/>
Total Funding, all sources	\$ 29,227,051
Less: Revenue not subject to IRC overpayment calculations*	(976,820)
	<hr/>
Total Funding, subject to IRC Overpayment Calculations	<u><u>\$ 28,250,231</u></u>

## Arrow Child & Family Ministries

### Maryland Programs – Reconciliation of Revenue and Cash Receipts

For the Year Ended June 30, 2025

	<b>Receivable, ending June 30, 2024</b>	<b>Accrual Basis Revenue</b>	<b>Cash Receipts &amp; Other Adjs.</b>	<b>Receivable, ending June 30, 2025</b>
Maryland Department of Human Services - Foster Care	\$ 334,331	\$ 3,019,529	\$ 3,072,699	\$ 281,161
Child Specific - Foster Care	1,854	-	-	1,854
Baltimore City Department of Social Services - Community Services	-	9,216	(13,071)	22,287
Maryland Department of Juvenile Services - Community Services	-	204,586	181,696	22,890
Maryland Department of Human Services - Transitional Living	300,930	5,710,585	5,479,087	532,428
Maryland State Department of Education - School (including related services)	1,833,713	17,425,981	17,017,236	2,242,458
	<u>\$ 2,470,828</u>	<u>\$ 26,369,897</u>	<u>\$ 25,737,647</u>	<u>\$ 3,103,078</u>
Subtotal contract revenue				

## Arrow Child & Family Ministries

### Maryland Programs – Computation of Rate Determination for the Actual Cost of Care For the Year Ended June 30, 2025

	<u>Days</u>	<u>Payment Rate / Day</u>	<u>Daily Rate Payments</u>	<u>Days</u>	<u>Payment Rate / Day</u>	<u>Daily Rate Payments</u>	<u>Total Payments</u>	<u>Other, Medicaid &amp; Other Related Services</u>	<u>Total Payments Received</u>	<u>Total Allowable Costs</u>
<b>FOSTER CARE</b>										
Department of Human Services Service Days/ Approved Rate	15,281	\$ 198	\$ 3,019,529	-	\$ -	\$ -	\$ 3,019,529	\$ (23,059)	\$ 2,996,470.0	\$ 2,911,589
Department of Juvenile Services Service Days/Approved Rate	-	-	-	-	-	-	-	-	-	-
<b>COMMUNITY SERVICES</b>										
Baltimore City Department of Social Services Service Days/Approved Rate	-	-	9,216	-	-	-	9,216	563	9,779	9,911
Department of Juvenile Services Service Days/Approved Rate	-	-	204,586	-	-	-	204,586	12,508	217,094	219,994
<b>TRANSITIONAL LIVING</b>										
Department of Human Services Service Days/ Approved Rate	12,077	473	5,710,585	-	-	-	5,710,585	(8,554)	5,702,031.0	4,189,421
Department of Juvenile Services Days Serviced/Allowed Per Diem	-	-	-	-	-	-	-	-	-	-
<b>SCHOOL</b>										
State Department of Education (Hunt Valley)	9,915	384	3,809,641	-	-	-	3,809,641	887,395	4,697,036.0	4,498,884
State Department of Education (Mountain Road)	-	-	-	-	-	-	-	-	-	31,090
State Department of Education (Riverside Rise)	9,509	400	3,799,868	-	-	-	3,799,868	1,282,502	5,082,370.0	5,324,019
State Department of Education (Riverside Strive)	2,146	471	1,010,091	-	-	-	1,010,091	340,918	1,351,009.0	1,718,549
State Department of Education (Tangram)	10,199	495	5,049,986	-	-	-	5,049,986	3,144,456	8,194,442.0	7,618,471
<b>TOTAL CONTRACT REVENUE</b>			<u>\$ 22,613,502</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,613,502</u>	<u>\$ 5,636,729</u>	<u>\$ 28,250,231.0</u>	<u>\$ 26,521,928</u>

# Arrow Child & Family Ministries

## Maryland Programs – Calculation of Overpayment / Underpayment For the Year Ended June 30, 2025

	<b>Total Net Actual Allowable Costs</b>	<b>Payment Received/Billed</b>	<b>Overpayment/ (Underpayment)</b>	<b>Maximum Amount up to 10% Excess Allowed to Retain</b>	<b>Actual Amounts Over 10% Subject to Repayment</b>	<b>2025 Increase/ (Decrease) Retained Earnings</b>	<b>2024 Increase (Decrease)</b>	<b>Planned Use of Retained Earnings</b>
<b>FOSTER CARE</b>								
State Department of Human Services	\$ 2,911,589	\$ 2,996,470	\$ 84,881	\$ 299,647	\$ -	\$ 84,881	\$ 921	A
Department of Juvenile Services	-	-	-	-	-	-	-	N/A
Total Foster Care	2,911,589	2,996,470	84,881	299,647	-	84,881	921	
<b>COMMUNITY SERVICES</b>								
Baltimore City Department of Social Services	9,911	9,779	(132)	978	-	(132)	-	N/A
Department of Juvenile Services	219,994	217,094	(2,900)	21,709	-	(2,900)	-	N/A
Total Community Services	229,905	226,873	(3,032)	22,687	-	(3,032)	-	
<b>TRANSITIONAL LIVING</b>								
State Department of Human Services	4,189,421	5,702,031	1,512,610	570,203	942,407	570,203	235,775	E
Department of Juvenile Services	-	-	-	-	-	-	-	N/A
Total Transitional Living	4,189,421	5,702,031	1,512,610	570,203	942,407	570,203	235,775	
<b>SCHOOL</b>								
State Department of Education (Hunt Valley)	4,498,884	4,697,036	198,152	469,704	-	198,152	(573,272)	A
State Department of Education (Mountain Road)	31,090	-	(31,090)	-	-	(31,090)	-	N/A
State Department of Education (Riverside Rise)	5,324,019	5,082,370	(241,649)	508,237	-	(241,649)	(244,407)	N/A
State Department of Education (Riverside Strive)	1,718,549	1,351,009	(367,540)	135,101	-	(367,540)	(50,059)	N/A
State Department of Education (Tangram)	7,618,471	8,194,442	575,971	819,444	-	575,971	509,858	A
Total School	19,191,013	19,324,857	133,844	1,932,486	-	133,844	(357,880)	
<b>TOTAL ALL PROGRAMS</b>	<b>\$ 26,521,928</b>	<b>\$ 28,250,231</b>	<b>\$ 1,728,303</b>	<b>\$ 2,825,023</b>	<b>\$ 942,407</b>	<b>\$ 785,896</b>	<b>\$ (121,184)</b>	

Planned Use of Retained Earnings:

- (A) To defray prior or future years' operating expenses
- (B) To expand services based on licensing requirements
- (C) To offset the per client cost rate increases in subsequent years
- (D) To expand services in response to users' group needs
- (E) Other, project specific purpose

# Arrow Child & Family Ministries

## Consolidating Statement of Financial Position

### June 30, 2025

	Arrow	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Eliminations	Total
<b>ASSETS</b>							
Cash	\$ 4,338,052	\$ 1,292	\$ 21,481	\$ -	\$ -	\$ -	\$ 4,360,825
Investments	2,035,339	-	-	-	-	-	2,035,339
Program service receivables, net	-	4,255,103	3,168,697	662,838	6,053,752	-	14,140,390
Contributions and grants receivables	-	622,686	172,829	-	-	-	795,515
Intercompany receivables and payables	-	5,683,493	5,831,827	(3,862,319)	127,902	(7,780,903)	-
Other receivables	209,447	-	6,091	12	19,599	-	235,149
Prepaid expenses	1,685,418	54,487	-	73,673	-	-	1,813,578
Lease right of use assets, net							
Operating	-	1,484,284	10,546,305	67,409	1,298,412	-	13,396,410
Finance	2,694,561	-	-	-	-	-	2,694,561
Property, net							
Held for sale	4,010,776	153,319	-	-	-	-	4,164,095
In-service	2,099,600	-	2,282,344	88,039	-	-	4,469,983
<b>TOTAL ASSETS</b>	<b>\$ 17,073,193</b>	<b>\$ 12,254,664</b>	<b>\$ 22,029,574</b>	<b>\$ (2,970,348)</b>	<b>\$ 7,499,665</b>	<b>\$ (7,780,903)</b>	<b>\$ 48,105,845</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>LIABILITIES</b>							
Foster parent and provider payables	\$ -	\$ 1,472,774	\$ 162,997	\$ -	\$ 3,521,977	\$ -	\$ 5,157,748
Accounts payable	1,922,170	8,482	-	-	-	-	1,930,652
Accrued salaries and related expenses	2,407,528	524,927	685,113	24,163	732,659	-	4,374,390
Intercompany payables	7,780,903	-	-	-	-	(7,780,903)	-
Lease liabilities							
Operating	-	1,578,457	11,096,491	78,382	1,310,728	-	14,064,058
Finance	2,701,679	-	-	-	-	-	2,701,679
Other liabilities	226,796	-	-	-	-	-	226,796
Notes payable, net	4,181,311	-	-	-	-	-	4,181,311
Refundable advances	-	250,000	-	-	36,762	-	286,762
Total liabilities	19,220,387	3,834,640	11,944,601	102,545	5,602,126	(7,780,903)	32,923,396
<b>NET ASSETS</b>							
Without donor restrictions	(2,348,497)	8,405,024	10,084,973	(3,072,893)	1,897,539	-	14,966,146
With donor restrictions	201,303	15,000	-	-	-	-	216,303
Total net assets	(2,147,194)	8,420,024	10,084,973	(3,072,893)	1,897,539	-	15,182,449
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,073,193</b>	<b>\$ 12,254,664</b>	<b>\$ 22,029,574</b>	<b>\$ (2,970,348)</b>	<b>\$ 7,499,665</b>	<b>\$ (7,780,903)</b>	<b>\$ 48,105,845</b>

# Arrow Child & Family Ministries

## Consolidating Statement of Activities

### For the Year Ended June 30, 2025

	Arrow	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Eliminations	Total
<b>REVENUES</b>							
Program service revenue	\$ 3,754	\$ 29,506,771	\$ 28,702,561	\$ 1,888,818	\$ 65,365,648	\$ (2,813,642)	\$ 122,653,910
Contributions and grants							
Government grants	48,089	2,521,691	380,813	-	945,046	-	3,895,639
Other financial assets	656,167	-	75,000	-	394,893	-	1,126,060
Nonfinancial assets	202,136	-	-	-	-	-	202,136
Intercompany	10,920,477	-	-	-	-	(10,920,477)	-
Other	93,435	331,966	61,142	-	21,848	-	508,391
Total revenues	11,924,058	32,360,428	29,219,516	1,888,818	66,727,435	(13,734,119)	128,386,136
<b>EXPENSES</b>							
Salaries and benefits	7,053,198	11,994,913	17,228,821	531,198	19,799,108	-	56,607,238
Pass-thru reimbursements	-	12,971,950	1,049,247	1,383	34,663,146	(2,813,642)	45,872,084
Facilities maintenance and operations	1,483,062	1,545,022	2,166,870	82,622	1,015,322	-	6,292,898
Contract labor	981,053	392,282	1,042,834	7,039	212,752	-	2,635,960
Supplies	94,269	79,870	218,119	1,373,640	119,076	-	1,884,974
Meetings, trainings, and travel	505,877	1,013,440	374,621	11,578	2,158,046	-	4,063,562
Insurance	151,715	288,864	324,380	26,630	417,469	-	1,209,058
Depreciation and amortization	175,366	18,074	596,781	54,682	3	-	844,906
Information technology	-	418,558	439,074	86,981	1,246,946	-	2,191,559
Food services	-	-	554,643	-	1,536	-	556,179
Interest	403,905	-	-	-	-	-	403,905
Professional services and fees	-	189,595	446,030	18,654	1,467,891	-	2,122,170
Children's clothing and personal needs	1,663	287,408	237,403	-	85,973	-	612,447
Marketing and communications	42,115	110,800	51,998	2,613	118,357	-	325,883
Intercompany	-	2,533,214	2,790,870	221,009	5,375,384	(10,920,477)	-
Other	-	-	-	28,110	53,745	-	81,855
Total expenses	10,892,223	31,843,990	27,521,691	2,446,139	66,734,754	(13,734,119)	125,704,678
<b>OTHER CHANGES IN NET ASSETS</b>							
Investment income	107,869	-	-	-	(295)	-	107,574
Unrealized and realized gain on investments	44,369	-	-	-	-	-	44,369
Change in net assets	1,184,073	516,438	1,697,825	(557,321)	(7,614)	-	2,833,401
<b>NET ASSETS, beginning of year</b>	(3,331,267)	7,903,586	8,387,148	(2,515,572)	1,905,153	-	12,349,048
<b>NET ASSETS, end of year</b>	<u>\$ (2,147,194)</u>	<u>\$ 8,420,024</u>	<u>\$ 10,084,973</u>	<u>\$ (3,072,893)</u>	<u>\$ 1,897,539</u>	<u>\$ -</u>	<u>\$ 15,182,449</u>



# Arrow Child & Family Ministries

## Consolidating Statement of Cash Flows

### For the Year Ended June 30, 2025

	Arrow	Arrow Texas	Arrow Maryland	AHS	4Kids4Families	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Changes in net assets	\$ 1,184,073	\$ 516,438	\$ 1,697,825	\$ (557,321)	\$ (7,614)	\$ 2,833,401
Adjustments to reconcile net assets to net cash provided by operating activities						
Depreciation	175,366	18,074	596,781	54,685	-	844,906
Amortization of debt issuance costs	16,958	-	-	-	-	16,958
Operating lease asset amortization	-	1,249,838	586,143	45,127	328,298	2,209,406
Financing lease asset amortization	1,004,701	-	-	-	-	1,004,701
Unrealized and realized gain on investments	(44,369)	-	-	-	-	(44,369)
Changes in operating assets and liabilities						
Program service receivables	-	(1,827,376)	(603,423)	(361,982)	76,470	(2,716,311)
Contributions and grants receivable	-	(416,562)	(64,794)	-	-	(481,356)
Intercompany receivables and payables	499,597	809,182	(1,651,684)	1,234,007	(891,102)	-
Other receivable	(169,243)	22,596	(490)	(12)	(19,405)	(166,554)
Prepaid expenses	(1,443,753)	(6,907)	65,223	(24,580)	18,714	(1,391,303)
Foster parent and provider payables	-	637,824	17,549	-	1,124,363	1,779,736
Accounts payable	12,066	8,482	-	(327,684)	-	(307,136)
Accrued salaries and related expenses	1,679,125	25,924	(51,588)	905	137,167	1,791,533
Other liabilities	203,315	-	-	-	-	203,315
Refundable advances	-	125,919	-	-	(450,909)	(324,990)
Operating lease liability	-	(1,163,003)	(297,436)	(51,031)	(315,982)	(1,827,452)
Net cash provided by operating activities	3,117,836	429	294,106	12,114	-	3,424,485
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from sale of investments	877,227	-	-	-	-	877,227
Purchases of investments	(1,747,389)	-	-	-	-	(1,747,389)
Purchases of property	(170,349)	(775)	(278,149)	(12,114)	-	(461,387)
Net cash used in investing activities	(1,040,511)	(775)	(278,149)	(12,114)	-	(1,331,549)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Principal payments on finance leases payable	(1,054,498)	-	-	-	-	(1,054,498)
Principal payments on notes payable	(233,435)	-	-	-	-	(233,435)
Net cash used in financing activities	(1,287,933)	-	-	-	-	(1,287,933)
Net change in cash and cash equivalents	789,392	(346)	15,957	-	-	805,003
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,548,660	1,638	5,524	-	-	3,555,822
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 4,338,052	\$ 1,292	\$ 21,481	\$ -	\$ -	\$ 4,360,825
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>						
Cash paid for interest	\$ 403,905	\$ -	\$ -	\$ -	\$ -	\$ 403,905
Lease right of use assets financed by new lease liabilities						
Operating	\$ -	-	\$ 4,735,059	\$ -	\$ 1,626,710	\$ 6,361,769
Finance	\$ 1,314,733	\$ -	\$ -	\$ -	\$ -	\$ 1,314,733