



**Duet Partners in Health & Aging, Inc.**  
**Financial Statements**  
for the 18 Months Ended June 30, 2025

Duet Partners in Health & Aging, Inc.

Financial Statements  
18 Months Ended June 30, 2025

**Duet Partners in Health & Aging, Inc.**

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## Independent Auditor's Report

The Board of Directors  
Duet Partners in Health & Aging, Inc.

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

#### ***Opinion***

We have audited the accompanying financial statements of Duet Partners in Health & Aging, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the 18 months then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duet Partners in Health & Aging, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the 18 months then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Duet Partners in Health & Aging, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Substantial Doubt about the Organization's Ability to Continue as a Going Concern***

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 11 to the financial statements, the Organization has suffered significant decreases in donor contributions, resulting in a net operating deficit, and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

#### ***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 available to be issued.

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

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

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
May 13, 2026

**Duet Partners in Health & Aging, Inc.**  
**Statement of Financial Position**  
**June 30, 2025**

**Assets**

Cash and cash equivalents	\$ 64,174
Investments	95,279
Contributions receivable, net	264,334
Government grants receivable	38,400
Prepaid expenses	27,133
Other current assets	9,516
Property and equipment, net	27,135
Operating lease right of use asset	753,756
Total assets	<u>\$ 1,279,727</u>

**Liabilities**

Accounts payable	\$ 18,337
Accrued payroll	119,393
Operating lease liability	840,593
Total liabilities	<u>978,323</u>

**Net assets**

Without donor restrictions:	
Undesignated	24,466
With donor restrictions:	
Time restricted	261,938
Purpose restricted	15,000
Total with donor restrictions	<u>276,938</u>
Total net assets	<u>301,404</u>
Total liabilities and net assets	<u>\$ 1,279,727</u>

See accompanying notes to financial statements.

**Duet Partners in Health & Aging, Inc.**  
**Statement of Activities**  
**For the 18 Months Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, support, and gains:</b>			
Contributions	\$ 787,354	\$ 642,536	\$ 1,429,890
Contributions - in kind	1,959		1,959
Workshops and resource sales	21,846		21,846
Government grants	538,140		538,140
Special events	177,487		177,487
Less: Direct donor benefit	(78,107)		(78,107)
Investment return, net	29,271		29,271
Net assets released from restrictions	968,094	(968,094)	
<b>Total revenue, support, and gains</b>	<u>2,446,044</u>	<u>(325,558)</u>	<u>2,120,486</u>
 <b>Expenses and losses:</b>			
Program services			
Meaning and hope	666,122		666,122
Homebound adults	577,661		577,661
Family caregivers	557,461		557,461
Grandparents raising grandchildren	640,170		640,170
<b>Total program expenses</b>	<u>2,441,414</u>		<u>2,441,414</u>
Supporting services			
Management and general	519,894		519,894
Fundraising	387,237		387,237
<b>Total supporting services</b>	<u>907,131</u>		<u>907,131</u>
 Total expenses and losses	3,348,545		3,348,545
 Change in net assets	(902,501)	(325,558)	(1,228,059)
 Net assets, January 1, 2024, as restated	<u>926,967</u>	<u>602,496</u>	<u>1,529,463</u>
 Net assets, June 30, 2025	<u>\$ 24,466</u>	<u>\$ 276,938</u>	<u>\$ 301,404</u>

See accompanying notes to financial statements.

**Duet Partners in Health & Aging, Inc.**  
**Statement of Functional Expenses**  
**For the 18 Months Ended June 30, 2025**

	Program Services					Supporting Services		
	Meaning and Hope	Homebound Adults	Family Caregivers	Grandparents Raising Grandchildren	Total	Management and General	Fundraising	Total
Salaries and wages	\$ 378,882	\$ 351,542	\$ 362,465	\$ 372,402	\$ 1,465,291	\$ 247,996	\$ 173,808	\$ 1,887,095
Payroll taxes and employee related expenses	79,046	60,424	45,668	90,085	275,223	87,459	27,737	390,419
Professional fees	104,366	40,254	50,005	42,414	237,039	74,500	96,746	408,285
Postage and supplies	19,436	23,423	1,774	5,126	49,759	1,888	1,370	53,017
Program costs			1,500	70,688	72,188			72,188
Travel	2,425	725	1,834	3,597	8,581	846		9,427
Computer parts and service	13,846	17,895	10,269	8,758	50,768	13,338	7,421	71,527
Volunteer expenses	77	2,488	153	230	2,948	306		3,254
Office lease	29,113	36,391	34,572	23,655	123,731	38,211	20,015	181,957
Equipment lease and maintenance	1,237	1,546	1,468	1,005	5,256	1,623	850	7,729
Insurance	5,720	13,919	6,792	4,647	31,078	7,642	3,932	42,652
Advertising	5,052	2,391	1,183	947	9,573	1,947	6,461	17,981
Continuing education and training	1,199	1,388	1,364	963	4,914	1,906	790	7,610
Dues and fees	3,916	2,780	2,957	1,583	11,236	5,591	1,446	18,273
Telephone	3,608	4,508	4,281	2,930	15,327	5,764	2,480	23,571
Printing and duplication	7,442	2,897	2,752	1,883	14,974	3,042	2,572	20,588
Partner appreciation	139	4,255	139	139	4,672	50		4,722
Banking and payroll fees	1,091	1,149	1,038	710	3,988	12,606	1,081	17,675
Meetings and special events	504	15	18,508	27	19,054	5	70,055	89,114
Other	398	517	1,476	932	3,323	5,305	27,134	35,762
Bad debt expense							5,800	5,800
Depreciation	8,625	9,079	7,263	5,901	30,868	9,533	4,993	45,394
In-Kind		75		1,548	1,623	336	10,653	12,612
<b>Total expenses</b>	<b>\$ 666,122</b>	<b>\$ 577,661</b>	<b>\$ 557,461</b>	<b>\$ 640,170</b>	<b>\$ 2,441,414</b>	<b>\$ 519,894</b>	<b>\$ 465,344</b>	<b>\$ 3,426,652</b>
Less expenses included with revenue on the Statement of Activities								
Cost of direct donor benefits							78,107	78,107
<b>Total expenses included on the expense section of the Statement of Activities</b>	<b>\$ 666,122</b>	<b>\$ 577,661</b>	<b>\$ 557,461</b>	<b>\$ 640,170</b>	<b>\$ 2,441,414</b>	<b>\$ 519,894</b>	<b>\$ 387,237</b>	<b>\$ 3,348,545</b>

See accompanying notes to financial statements.

**Duet Partners in Health & Aging, Inc.**  
**Statement of Cash Flows**  
**For the 18 Months Ended June 30, 2025**

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (1,228,059)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:	
Depreciation	45,394
Net (gain)/loss on investments	(20,207)
Changes in assets and liabilities:	
Contributions receivable	12,473
Government grants receivable	18,324
Prepaid expenses	10,954
Accounts payable	(5,793)
Accrued payroll	46,559
Operating lease assets and liabilities	<u>(19,440)</u>
<b>Net cash provided by/(used for) operating activities</b>	<b><u>(1,139,795)</u></b>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of investments	940,000
Purchases of investments	<u>(142,427)</u>
<b>Net cash provided by/(used for) investing activities</b>	<b><u>797,573</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(342,222)</b>
<b>Cash and cash equivalents, January 1, 2024</b>	<b><u>406,396</u></b>
<b>Cash and cash equivalents, June 30, 2025</b>	<b>\$ <u><u>64,174</u></u></b>
<b>Supplemental disclosure of cash flow information</b>	
Cash paid during the year for amounts included in the measurement of leases	\$ 201,705

See accompanying notes to financial statements.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**Nature of Activities**

Duet Partners in Health & Aging, Inc. (the Organization) is an Arizona nonprofit organization that promotes health and well-being through vitality needed services to homebound adults, family caregivers, and grandfamilies. The Organization partners with volunteers, congregations, and donors to provide one-on-one services at no charge throughout the greater Phoenix, Arizona area. The Organization's primary source of revenue is from private contributions.

**Change in Fiscal Year-End**

Effective January 1, 2024, the Organization changed its fiscal year-end from December 31 to June 30. The Organization adopted this change to better align its reporting cycle with funding cycles.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board designated quasi-endowment.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

The Organization reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

**Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At June 30, 2025, the carrying amount of the Organization's deposits were \$64,174 and the bank balance was \$86,851. There was no uninsured cash at June 30, 2025. To minimize risk, cash accounts are maintained at high quality financial institutions and credit exposure is limited to any one institution. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

**Revenue Recognition**

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

**Government grant revenue.** Government grant revenue is comprised of contract revenue and fee for services revenue provided by local governmental and other granting agencies that have passed through governmental awards to the Organization. The Organization recognizes governmental grant revenue as earned when services are rendered or contractual obligations are met under the grant contract. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the contract.

**Special events revenue.** The Organization records special events revenue when the event takes place.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**Contributions Receivable**

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Balances that are determined to be noncollectable are written off to bad debt expense. Management believes all noncollectable amounts have been expensed as of June 30, 2025 and does not believe an allowance for uncollectible amounts is necessary and accordingly has made no allowance for doubtful accounts.

**Government Grants Receivable**

Government grants receivable are stated at the amount management expects to collect from outstanding balances. Management does not believe an allowance for doubtful accounts is necessary based on historical experience with grantors, and accordingly has made no allowance for doubtful accounts. All government grants receivable are due within one year.

**Property and Equipment**

All acquisitions of property and equipment with a cost in excess of \$1,500 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to 20 years. Depreciation expense was \$45,394 for the 18 months ended June 30, 2025.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

**Compensated Absences**

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**Leases**

The Organization determines if an arrangement is or contains a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months. Leased assets and obligations are recognized based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Operating lease right-of-use assets (ROU) include adjustments related to lease payments made and lease incentives received at or before the commencement date. The assets resulting from operating leases are included in right-of-use assets and the related liabilities are included in operating leases payable on the statement of financial position.

Operating lease expense is recognized on a straight-line basis over the lease term. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

**Donated Services and In-Kind Contributions**

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to 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 increases in net assets with donor restrictions. 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. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that benefit more than one function are allocated based on the amount of time spent by employees on each function.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 - Summary of Significant Accounting Policies**

**Advertising**

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs were \$17,981 for the 18 months ended June 30, 2025.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

**Date of Management's Review**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2026, which is the date the financial statements were available to be issued.

**Note 2 – Liquidity and Availability**

The following represents the Organization's financial assets at June 30, 2025:

Financial assets at June 30, 2025:	
Cash and cash equivalents	\$ 64,174
Investments	95,279
Contributions receivable	264,334
Government grants receivable	38,400
Total financial assets	<u>462,187</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	276,938
Less: Net assets with purpose restrictions to be met in less than a year	(15,000)
Less: Net assets with time restrictions to be met in less than a year	<u>(176,890)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 377,139</u>

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 2 – Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's goal is generally to maintain an operating reserve to meet four months of operating expenses, however the Organization has recently experienced a significant decline in operating reserves. See Note 11 for more information.

**Note 3 – Investments and Fair Value Measurements**

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1: Quoted prices in active markets for identical investments.
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 3 – Investments and Fair Value Measurements**

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at June 30, 2025 are as follows:

	Fair Value (Level 1)	Fair Value (Level 2)	Total
Investments			
Cash and Bank Sweep	\$ 54,256	\$	\$ 54,256
U.S. Equity Index Exchange Traded Fund	9,221		9,221
Foreign Equity Index Exchange Traded Fund	3,832		3,832
Real Estate US Equity Index Exchange Traded Fund	1,692		1,692
U.S. Bond Index Exchange Traded Fund	20,305		20,305
Real Estate Investment Trust Shares		5,973	5,973
Total investments	<u>\$ 89,306</u>	<u>\$ 5,973</u>	<u>\$ 95,279</u>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

*Investments* – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**Note 4 – Contributions Receivable**

Unconditional contributions receivable consist of the following:

Pledges receivable before unamortized discount	\$ 270,545
Less: Unamortized discount	<u>(6,211)</u>
Total	264,334
Less: Allowance for uncollectibles	
Net contributions receivable	<u>264,334</u>
Amounts due in:	
Less than one year	176,890
More than one year	<u>93,655</u>
Total	<u>\$ 270,545</u>

The discount rate (4.45 percent) used to determine the present value of contributions receivable is commensurate with the risks involved.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – Contributions Receivable**

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position.

**Note 5 – Property and Equipment**

Property and equipment consist of the following.

Leasehold improvements	\$ 193,248
Equipment	<u>203,709</u>
Total property and equipment	396,957
Less: Accumulated depreciation and amortization	<u>(369,822)</u>
Net property and equipment	<u>\$ 27,135</u>

**Note 6 – Endowments**

The Organization’s Board of Directors has designated funds to function as a quasi-endowment. As required by generally accepted accounting principles (GAAP), net assets associated with quasi-endowment funds are classified and reported as net assets without donor restrictions due to the absence of donor-imposed restrictions.

**Spending Policy**

The Organization has a policy of appropriating for distribution each year up to six percent of its year-end balance. In establishing this policy, the Organization considered the long-term expected return on its investment assets, and the possible effects of inflation. Although the quasi-endowment has a spending rate of up to six percent, amounts from the quasi-endowment can be made available, if necessary. During the reporting period, it became necessary for the Organization to appropriate all quasi-endowment assets to meet operational needs. See Note 11 for more information.

**Duet Partners in Health & Aging, Inc.**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 6 – Endowments**

The endowment net assets at January 1, 2024 have been restated for the correction of an error. The Organization had previously reported \$247,067 as donor restricted endowments, however research into the history of the balances resulted in no evidence of existence of donor restrictions, therefore the balance has been reclassified as without donor restrictions. Changes in Endowment Net Assets for the 18 months ended June 30, 2025 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, January 1, 2024	\$ 619,609	\$ 247,067	\$ 866,676
Correction of an error	247,067	(247,067)	
Endowment net assets, January 1, 2024, as restated	866,676		866,676
Investment return, net	27,634		27,634
Amounts appropriated for expenditure	(894,310)		(894,310)
Endowment net assets, June 30, 2025	\$	\$	\$

**Note 7 – Net Assets**

Net assets with donor restrictions are as follows:

Passage of Time	
Pledges receivable	261,938
Purpose Restricted	
Grandfamily services	15,000
Total	\$ 276,938

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	
Finding Meaning and Hope	\$ 224,520
Family caregivers	99,280
Grandfamily services	379,109
Homebound adults	72,500
Administrative	80,000
Satisfaction of time restrictions	
Pledges receivable	112,685
Total	\$ 968,094

**Duet Partners in Health & Aging, Inc.**  
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**Note 8 – Leases**

The Organization leases an office building and desk phones under noncancelable operating leases. The lease for desk phones expires in October 2026 and does not include any options to extend. The lease for the office building was amended in June 2025 to reduce the square footage leased and to extend the expiration date to October 2032. The amended lease has an initial term of 7.5 years and includes the option to renew for two separate 5 year terms. The Organization has not recognized any of the 5 year renewal terms in the right-of-use asset and lease liabilities because the Organization does not expect to exercise those options. Both leases had terms of greater than one year at the inception of the lease and payments are due on a monthly basis.

The Organization has not included the possibility of early termination in the calculation of the right-of-use asset and lease liabilities since the Organization does not intend to terminate the lease before the expiration of the term. The Organization has also determined that there were no nonlease components to be allocated to the leases. In determining the value of the right-of-use asset and lease liabilities, future lease payments were discounted applying the risk-free discount rate of 4.21 percent. Total operating lease expense for the 18 months ended June 30, 2025 was \$182,266 recognized straight-line over the term of the leases.

The following table summarizes the right of use assets and related accumulated amortization:

Right of use asset	\$ 761,464
Accumulated amortization	<u>(7,708)</u>
	<u>\$ 753,756</u>

The following table provides a schedule of future lease payments and other supplemental information for the Organization’s operating leases as of June 30, 2025:

Year End:		
	2026	\$ 80,857
	2027	134,035
	2028	136,966
	2029	140,870
	2030	144,774
	Thereafter	<u>353,313</u>
Total		<u>990,815</u>
Less: Discount to present value		<u>150,222</u>
Present value of lease liabilities		<u>\$ 840,593</u>
Weighted average remaining lease term		87.73 months
Weighted average discount rate		4.21%

**Duet Partners in Health & Aging, Inc.**  
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**Note 9 – Concentration**

For the 18 months ended June 30, 2025, two donors made up 42 percent of total receivables.

**Note 10 – Employee Benefit Plans**

Tax-deferred Annuity Plan

The Organization sponsors a 401(k) retirement plan (plan) for all employees who meet eligibility requirements. The Organization contributes 2 percent of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The employer matching was \$21,860 for the 18 months ended June 30, 2025.

**Note 11 – Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Organization has experienced significant decreases in donor contributions, resulting in a net operating deficit of \$1,228,059 for the 18 months ended June 30, 2025. This factor, among others, raises substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Management has implemented and continues to evaluate several actions to address liquidity constraints resulting from declines in funding from grants and contributions and recent operating deficits.

Subsequent to June 30, 2025, the Organization secured \$250,000 in stabilization funding from multiple philanthropic partners, including a board match campaign, to provide general operating support and strengthen near-term liquidity. These funds are being used to support mission-critical services while management implements structural adjustments to the Organization's cost structure.

In addition, management has taken and continues to evaluate the following actions to further stabilize operations and improve cash flow:

- Implementation of a 20% staff furlough to immediately reduce personnel expenses
- Targeted staffing reductions to better align operating costs with projected revenue
- Organizational restructuring and additional cost containment measures designed to right-size the expense base
- Exploration of merger, acquisition, or formal partnership opportunities with nonprofit organizations of similar mission to strengthen long-term sustainability and operational efficiency

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**Note 11 – Going Concern**

In addition, the Organization is actively engaging with philanthropic partners, foundations, and individual donors to secure additional funding to support ongoing operations and program sustainability. Management and the Board of Directors are also evaluating strategic opportunities to strengthen the Organization's long-term financial stability while preserving its core mission and services.

Management will continue to closely monitor financial performance and liquidity and will evaluate and implement additional operational or financial measures as necessary.

Although management intends to take these actions, it is not possible to determine whether they will be successful in alleviating the substantial doubt. The financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Organization be unable to continue as a going concern.