

**Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries**

Consolidated Financial Statements

December 31, 2025 and 2024

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

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Independent Auditors' Report

To the Board of Directors of
Sun City Area Interfaith Services, Inc. dba Benevilla and Subsidiaries

Opinion

We have audited the consolidated financial statements of Sun City Area Interfaith Services, Inc. dba Benevilla and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 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 the Organization as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 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.

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

Baker Tilly US, LLP

Tempe, Arizona
July 1, 2026

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,374,796	\$ 3,315,100
Certificate of deposit	-	255,024
Accounts receivable, net	239,342	346,673
Grants receivable	13,800	41,881
Promises to give, current portion	326,052	387,011
Bequests receivable	45,000	73,601
Inventory	10,075	8,527
Prepaid expenses and other assets	61,569	83,778
Total current assets	<u>5,070,634</u>	<u>4,511,595</u>
Noncurrent Assets		
Promises to give, net of current portion, unamortized discount and allowance for uncollectible promises	87,093	354,098
Property held for sale	2,518	2,518
Operating lease right-of-use assets	19,444	71,900
Property and equipment, net	5,941,112	6,057,943
Investments:		
Other	919,984	1,245,819
Endowment	3,329,199	3,172,739
Total noncurrent assets	<u>10,299,350</u>	<u>10,905,017</u>
Total assets	<u><u>\$ 15,369,984</u></u>	<u><u>\$ 15,416,612</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 315,386	\$ 110,847
Accrued expenses	282,192	354,726
Deferred revenue	29,100	8,000
Charitable gift annuity, current portion	290	290
Operating lease liabilities, current portion	16,138	56,919
Note payable, current portion	13,712	13,340
Total current liabilities	<u>656,818</u>	<u>544,122</u>
Long-Term Liabilities		
Charitable gift annuity, net of current portion	1,642	1,932
Operating lease liabilities, net of current portion	3,892	20,029
Note payable, net of current portion	470,992	484,410
Total long-term liabilities	<u>476,526</u>	<u>506,371</u>
Total liabilities	<u>1,133,344</u>	<u>1,050,493</u>
Net Assets		
Without donor restrictions	6,603,443	7,641,541
With donor restrictions	7,633,197	6,724,578
Total net assets	<u>14,236,640</u>	<u>14,366,119</u>
Total liabilities and net assets	<u><u>\$ 15,369,984</u></u>	<u><u>\$ 15,416,612</u></u>

See notes to consolidated financial statements

**Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries**

Consolidated Statements of Activities
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Grants	\$ 474,672	\$ 308,244	\$ 782,916	\$ 602,922	\$ 14,500	\$ 617,422
Contributions	1,098,972	808,116	1,907,088	1,148,848	3,499,814	4,648,662
In-kind contributions	75,912	-	75,912	110,821	-	110,821
Participant fees	3,084,886	-	3,084,886	3,517,247	-	3,517,247
Membership dues and classes	159,052	-	159,052	133,262	-	133,262
Food sales	1,135	-	1,135	3,396	-	3,396
Other income	19,432	-	19,432	3,068	-	3,068
Investment return	254,070	310,034	564,104	165,389	219,917	385,306
Change in fair value of charitable gift annuities	-	-	-	37,445	-	37,445
Net assets released from purpose restrictions	517,775	(517,775)	-	307,349	(307,349)	-
	<u>5,685,906</u>	<u>908,619</u>	<u>6,594,525</u>	<u>6,029,747</u>	<u>3,426,882</u>	<u>9,456,629</u>
Special event contributions	180,201	-	180,201	145,824	-	145,824
Special event revenue	49,310	-	49,310	39,783	-	39,783
Direct donor benefits	(67,123)	-	(67,123)	(72,933)	-	(72,933)
	<u>162,388</u>	<u>-</u>	<u>162,388</u>	<u>112,674</u>	<u>-</u>	<u>112,674</u>
Total revenue and support	<u>5,848,294</u>	<u>908,619</u>	<u>6,756,913</u>	<u>6,142,421</u>	<u>3,426,882</u>	<u>9,569,303</u>
Operating Expenses						
Program services	5,115,211	-	5,115,211	5,198,319	-	5,198,319
Support services						
Management and general	697,832	-	697,832	725,761	-	725,761
Facilities maintenance	39,172	-	39,172	25,208	-	25,208
Marketing	313,050	-	313,050	190,672	-	190,672
Fundraising	721,127	-	721,127	758,629	-	758,629
Total expenses	<u>6,886,392</u>	<u>-</u>	<u>6,886,392</u>	<u>6,898,589</u>	<u>-</u>	<u>6,898,589</u>
Change in net assets	(1,038,098)	908,619	(129,479)	(756,168)	3,426,882	2,670,714
Net Assets, Beginning	<u>7,641,541</u>	<u>6,724,578</u>	<u>14,366,119</u>	<u>8,397,709</u>	<u>3,297,696</u>	<u>11,695,405</u>
Net Assets, Ending	<u>\$ 6,603,443</u>	<u>\$ 7,633,197</u>	<u>\$ 14,236,640</u>	<u>\$ 7,641,541</u>	<u>\$ 6,724,578</u>	<u>\$ 14,366,119</u>

See notes to consolidated financial statements

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services				Support Services				Direct Donor Benefit	Total Expenses
	Adult Day Center	Child Care	Other Programs	Total Program Services	Management and General	Facilities Maintenance	Marketing	Fundraising		
Personnel Costs										
Salaries and wages	\$ 1,465,937	\$ 836,825	\$ 856,940	\$ 3,159,702	\$ 355,735	\$ 25,943	\$ 171,431	\$ 299,631	\$ -	\$ 4,012,442
Payroll taxes	110,075	63,474	64,051	237,600	25,445	1,968	12,954	22,530	-	300,497
Employee benefits	102,934	43,870	111,095	257,899	47,901	418	7,636	30,096	-	343,950
Total personnel costs	1,678,946	944,169	1,032,086	3,655,201	429,081	28,329	192,021	352,257	-	4,656,889
Expenses										
Supplies	63,932	29,215	50,440	143,587	8,971	1,745	19,890	67,702	-	241,895
Software and web expenses	22,303	1,185	22,461	45,949	17,919	-	18,110	6,048	-	88,026
Food and beverage	4,949	2,854	161,639	169,442	112	-	-	22	-	169,576
Vehicle and travel expenses	25,783	-	12,186	37,969	4	859	318	322	-	39,472
Security	2,158	452	2,272	4,882	2,146	2,024	-	-	-	9,052
Education and subscription expenses	38,054	8,096	6,365	52,515	3,461	55	4,113	9,326	-	69,470
Occupancy	135,322	88,464	123,288	347,074	18,719	3,908	-	-	-	369,701
Professional services	44,728	9,016	37,693	91,437	50,553	430	1,612	257,793	-	401,825
Furniture and equipment	2,235	-	3,968	6,203	10,076	1,381	-	-	-	17,660
Telephone and internet	20,310	6,680	25,270	52,260	5,286	441	911	1,203	-	60,101
Marketing	7,456	9,860	27,138	44,454	782	-	75,563	26,250	-	147,049
Special events - food, venue, entertainment, and other supplies	903	600	1,316	2,819	-	-	512	-	67,123	70,454
Miscellaneous	2,090	-	96,988	99,078	71,087	-	-	204	-	170,369
In-kind facilities, services and other	75,168	-	744	75,912	-	-	-	-	-	75,912
Depreciation	116,322	97,540	72,567	286,429	65,541	-	-	-	-	351,970
Interest expense	-	-	-	-	14,094	-	-	-	-	14,094
	2,240,659	1,198,131	1,676,421	5,115,211	697,832	39,172	313,050	721,127	67,123	6,953,515
Less expenses included with revenues on the consolidated statements of activities:										
Direct donor benefits	-	-	-	-	-	-	-	-	(67,123)	(67,123)
Total expenses	\$ 2,240,659	\$ 1,198,131	\$ 1,676,421	\$ 5,115,211	\$ 697,832	\$ 39,172	\$ 313,050	\$ 721,127	\$ -	\$ 6,886,392

See notes to consolidated financial statements

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services				Support Services				Direct Donor Benefit	Total Expenses
	Adult Day Center	Child Care	Other Programs	Total Program Services	Management and General	Facilities Maintenance	Marketing	Fundraising		
Personnel Costs										
Salaries and wages	\$ 1,448,581	\$ 776,366	\$ 774,361	\$ 2,999,308	\$ 386,274	\$ 16,307	\$ 111,424	\$ 359,509	\$ -	\$ 3,872,822
Payroll taxes	106,605	57,522	57,304	221,431	28,686	1,266	8,174	25,765	-	285,322
Employee benefits	116,717	60,214	83,140	260,071	52,107	1,233	11,547	52,292	-	377,250
Total personnel costs	1,671,903	894,102	914,805	3,480,810	467,067	18,806	131,145	437,566	-	4,535,394
Expenses										
Supplies	63,417	23,899	40,796	128,112	8,262	372	315	1,552	-	138,613
Software and web expenses	18,465	1,076	29,285	48,826	16,553	-	15,991	8,674	-	90,044
Food and beverage	74,532	39,892	174,167	288,591	655	-	-	-	-	289,246
Vehicle and travel expenses	17,467	162	45,013	62,642	423	649	1,057	3,465	-	68,236
Security	2,879	1,131	1,907	5,917	288	74	-	-	-	6,279
Education and subscription expenses	33,838	4,250	11,490	49,578	6,504	146	4,725	7,146	-	68,099
Occupancy	155,374	75,989	81,844	313,207	20,669	3,669	-	-	-	337,545
Professional services	98,711	130,335	41,933	270,979	73,725	435	1,710	169,061	-	515,910
Furniture and equipment	1,811	63	6,159	8,033	4,546	634	-	-	-	13,213
Telephone and internet	25,545	5,940	20,671	52,156	1,925	406	744	980	-	56,211
Marketing	10,027	6,510	34,344	50,881	3,845	6	26,224	69,215	-	150,171
Special events - food, venue, entertainment, and other supplies	2,975	-	350	3,325	856	-	1,972	13,044	72,933	92,130
Miscellaneous	36,767	-	44,455	81,222	28,698	11	234	20,072	-	130,237
In-kind facilities, services and other	72,337	94	2,302	74,733	1,679	-	6,555	27,854	-	110,821
Depreciation	123,947	95,123	60,237	279,307	75,971	-	-	-	-	355,278
Interest expense	-	-	-	-	14,095	-	-	-	-	14,095
	2,409,995	1,278,566	1,509,758	5,198,319	725,761	25,208	190,672	758,629	72,933	6,971,522
Less expenses included with revenues on the consolidated statements of activities:										
Direct donor benefits	-	-	-	-	-	-	-	-	(72,933)	(72,933)
Total expenses	\$ 2,409,995	\$ 1,278,566	\$ 1,509,758	\$ 5,198,319	\$ 725,761	\$ 25,208	\$ 190,672	\$ 758,629	\$ -	\$ 6,898,589

See notes to consolidated financial statements

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	\$ (129,479)	\$ 2,670,714
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	351,970	355,278
Bad debt provision for accounts receivable	55,463	(4,000)
Provision for uncollectible promises to give	(19,705)	19,705
Amortization of discount on promises to give	(3,726)	20,299
Amortization of operating leases right-of-use assets	52,456	52,918
Realized and unrealized (gain) loss on investments	(302,413)	(209,685)
Change in fair value of charitable gift annuities	-	(37,445)
(Gain) loss on sale/disposal of property and equipment	(17,626)	(4,304)
Decrease (increase) in:		
Accounts receivable	51,868	28,297
Grants receivable	28,081	9,926
Promises to give	351,395	(781,113)
Bequest receivable	28,601	73,399
Inventory	(1,548)	(2,183)
Prepaid expenses and other assets	22,209	(11,318)
Increase (decrease) in:		
Accounts payable	204,539	(42,788)
Accrued expenses	(72,534)	110,894
Deferred revenue	21,100	(92,246)
Operating lease liabilities	(56,918)	(49,928)
Net cash flows from operating activities	<u>563,733</u>	<u>2,106,420</u>
Cash Flows From Investing Activities		
Purchases of investments	(180,125)	(2,327,985)
Proceeds from sales of investments	651,913	2,779,669
Purchase of certificate of deposit	-	(255,024)
Redemption of certificate of deposit	255,024	-
Payments on charitable gift annuities	(290)	(5,765)
Proceeds from sale of property and equipment	17,626	39,155
Purchases of property and equipment	(235,139)	(75,635)
Net cash flows from investing activities	<u>509,009</u>	<u>154,415</u>
Cash Flows From Financing Activities		
Principal payments on note payable	(13,046)	(2,250)
Net cash flows from financing activities	<u>(13,046)</u>	<u>(2,250)</u>
Net change in cash and cash equivalents	1,059,696	2,258,585
Cash and Cash Equivalents, Beginning	<u>3,315,100</u>	<u>1,056,515</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 4,374,796</u></u>	<u><u>\$ 3,315,100</u></u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	<u>\$ 15,704</u>	<u>\$ 24,294</u>

See notes to consolidated financial statements

Sun City Area Interfaith Services, Inc. dba Benevilla and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Sun City Area Interfaith Services, Inc. dba Interfaith Community Care, was incorporated in the state of Arizona in May 1981. As of April 15, 2010, Sun City Interfaith Services, Inc. changed its dba name to Benevilla. Benevilla was formed to meet the existing and emerging human service needs by promoting the physical, psychological, spiritual and social well-being of aging individuals and their families so that they may develop and maintain dignity and independence. In doing so, these individuals will be afforded the opportunity to remain in their homes as long as possible. This is accomplished in cooperation with other agencies by adherence to the highest professional, moral, ethical, and spiritual standards. These services are provided primarily throughout the Sun City area and throughout the west valley of the greater Phoenix metropolitan area.

Birt's Bistro, LLC (Birt's Bistro) was incorporated in the state of Arizona in 2019 and is 100% owned by Benevilla. Birt's Bistro is a restaurant that prepares meals for the day centers operated by Benevilla.

ICC Child Care, LLC dba: Wirtzie's Child Development Center (Wirtzie's) was incorporated in the state of Arizona in 2009 and is 100% owned by Benevilla. Wirtzie's offers quality, affordable childcare, infant care, and preschool for children six weeks to five years old in Surprise, Arizona.

The Organization provides several programs to further its mission, including but not limited to the following:

Adult day center program provides social, physical, and mental stimulation integral to successful aging. Each program's uniqueness addresses the specific needs of older adults and adults with disabilities living with Alzheimer's disease, chronic illness, or intellectual and developmental disabilities while providing vital respite for family caregivers.

Child Care program offers quality, accredited, affordable childcare, infant care and preschool programming for children six weeks to five years old in Surprise, Arizona.

Benefitness Adaptive Gym provides an innovative and exciting fitness space to help those who have different abilities, special considerations, and chronic medical conditions in the West Valley. Fitness and wellness goals are customized to meet the unique needs of each member and caregiver, through group classes and personal training, ensuring that everyone has the opportunity to improve their health and enhance vitality.

Benevilla CARES (Community Assistance, Resources, Education, and Support) program, equips our most vulnerable community members to live safely and independently at home – for free. The CARES program includes the following services:

- Information and Resources: Benevilla's CARES expert coordinators connect members to an extensive database of senior-focused services and providers across Arizona.
- Caregiver Support: Caregiver Support Groups provide social connection, respite, coping skills, and problem solving to empower caregivers and improve their wellbeing.
- Home Services: Benevilla volunteers help older adults and adults with disabilities live independently in their own homes by providing the following services free of cost: grocery shopping, assisted transportation to medical appointments, errands, help with paperwork, minor home repairs, and in-person or over-the-phone visits.

Sun City Area Interfaith Services, Inc.

dba Benevilla and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Principles of Consolidation

The consolidated financial statements include the accounts of Benevilla, Birt's Bistro and Wirtzie's (collectively referred to as the Organization) because Benevilla has both control and economic interest in these subsidiaries. All significant inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less at date of acquisition to be cash equivalents. Cash held in accounts with stock brokerage firms are reported as investments as they represent accounts used for the purchases and sales of investments and are excluded from this definition.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of noninterest-bearing amounts due from various agencies and individuals and are unsecured. Accounts receivable are stated at the amount management expects to collect. The Organization recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected as of the consolidated statements of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. The Organization pools these receivables based on similar risk characteristics in estimating expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. Receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness, and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. The allowance for credit losses was \$72,463 and \$17,000 as of December 31, 2025 and 2024, respectively.

Promises to Give and Grants Receivable

Unconditional promises to give and certain grants receivable are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give, including bequests receivable, which are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management applicable to the year in which the promises are received. Amortization of the discounts is included in contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Sun City Area Interfaith Services, Inc. dba Benevilla and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2025 and 2024

In circumstances where it is aware of a specific amount where there may be an inability to meet the financial obligation, the Organization records a specific reserve to reduce the amounts recorded to what it believes will be collected. Management determines the allowance for uncollectible amounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises are charged off against the allowance when they are deemed to be uncollectible.

Inventory

Inventory consists of food held for sale at Birt's Bistro and is stated at the lower of cost or fair value, determined on a first in, first out basis.

Fair Value Measurements

A framework for measuring fair value has been established by Accounting Standards Codification and provides 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- 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.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e., real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are measured at fair value in the consolidated statements of financial position. Investment return or loss is included in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Sun City Area Interfaith Services, Inc. dba Benevilla and Subsidiaries

Notes to Consolidated Financial Statements
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Risk and Uncertainty

The Organization invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes, could materially affect the amount reported in the consolidated statements of financial position.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets:

	<u>Years</u>
Buildings and improvements	2 - 40
Office equipment and furniture	3 - 20
Vehicles	6 - 12
Leasehold improvements	12 - 25

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Live Assets

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.

Endowment Funds

The Organization's endowment funds consist of several funds established by donors, to be held in perpetuity, for the purpose of supporting the Organization's operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA directs the Organization to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continues in perpetuity.

The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted endowment fund also includes accumulated earnings in the fund that are also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MCFA.

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In accordance with MCFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Organization's other resources and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment fund while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation. The Organization's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Organization over time. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation and current yield.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted MCFA to permit spending from underwater endowments in accordance with prudent measures required by law. As of December 31, 2025 and 2024, there were no underwater endowments.

Spending Policy. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a mix of relevant benchmarks, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return ranging from 4% to 7% annually. The current spending policy for the Bovard endowment only allows for spending from interest, dividends, and short-term capital gains, based on the discretion of the Board of Directors.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions or required to be held in perpetuity. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are released from restriction when the assets are placed in service.

Revenue Recognition

The Organization generates revenue from its Adult Day Center and Child Care Programs which include services such as social and physical activities, restorative therapy, food services, transportation services, intergeneration activities and childcare, all of which is included in participant fees revenue on the consolidated statements of activities. Participant fees revenue and food sales are recognized at a point in time, in the period in which the Organization satisfies the performance obligation under contracts by transferring services to its members. Amounts are billed to the funding source in the month the services are provided, and payment is due within 30 days of invoicing. Included in gross accounts receivable were \$281,952, \$240,116 and \$309,470 as of December 31, 2025, 2024 and 2023, respectively, for services related to participant fees revenue.

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The Organization also generates revenue from monthly membership dues from the Benefitness Program. Membership dues and class revenue is recognized at a point in time, in the period in which the Organization satisfies the performance obligation under contracts by transferring services to its members. Amounts are billed in advance and payment is due on a monthly basis. Fees collected in advance of the activity are initially recognized as a contract liability (deferred revenue/deposit held) and recognized as revenue after delivery of the service or activity.

Contributions

Contributions and grants received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (this is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization has several cost reimbursement contracts with state agencies. The Organization has determined that these contracts are conditional contributions and therefore revenue is recognized when the conditions are met, which is as allowable costs are incurred. As of December 31, 2025 and 2024, these grants included conditional promises to give in the amount of approximately \$142,000 and \$27,000, respectively, which represents unspent amounts available per these grant agreements that are expected to be spent during the next year.

In-Kind Contributions

Contributions of donated noncash tangible assets (in-kind contributions) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donated services, are recorded at their fair market values in the period received. The Organization utilized the services of numerous nonprofessional volunteers who support the programs and activities of the Organization's program services, administration, and fundraising and development activities. This support has not been recorded in the accompanying consolidated financial statements as it does not meet the recognition criteria.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expense totaled \$126,971 and \$54,646 for the years ended December 31, 2025 and 2024, respectively.

Leasing Activities

The Organization recognizes the assets and liabilities that arise from leases on the consolidated statements of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. The Organization does not separate lease and nonlease components for all asset classes when determining the measurement of the right-of-use assets and lease liabilities. When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes. In addition, the Organization does not apply the recognition requirements to any leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather short-term leases are recorded on a straight-line basis over the lease term.

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Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment.

Functional Allocation of Expenses

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program services and supporting services. Expenses are charged to program services and supporting services based on direct expenditures incurred. Any expenditures, not directly chargeable, are allocated based on personnel activity or other appropriate indicators.

Income Taxes

Benevilla qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been classified as an organization that is not a private foundation under Section 509(a)(1). In addition, Benevilla qualifies for the charitable contribution deduction under Section 170 of the Code. Income determined to be unrelated business taxable income (UBTI) would be subject to income tax. Birt's Bistro and Wirtzie's qualify as disregarded entities for tax purposes; all of Birt's Bistro and Wirtzie's financial statement amounts are included in Benevilla's tax return.

The Organization recognizes uncertain tax positions in the consolidated financial statements when it is more-likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended December 31, 2025 and 2024, the Organization did not have any income tax related interest and penalty expense.

Management's Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Date of Management's Review

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 1, 2026, the date the consolidated financial statements were available to be issued.

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2. Liquidity

Financial assets available for general expenditure, within one year of the consolidated statements of financial position date, comprise the following as of December 31:

	2025	2024
Cash and cash equivalents	\$ 4,374,796	\$ 3,315,100
Certificate of deposit	-	255,024
Accounts receivable, net	239,342	346,673
Grants receivable	13,800	41,881
Promises to give, current portion	326,052	387,011
Bequests receivable	45,000	73,601
Investments, other	919,984	1,245,819
	<u>5,918,974</u>	<u>5,665,109</u>
Less promises to give restricted for senior living building	(326,052)	(387,011)
Less amounts restricted for senior living building	(3,606,158)	(644,353)
Less amount restricted for capital reserve	<u>(33,149)</u>	<u>(33,149)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,953,615</u></u>	<u><u>\$ 4,600,596</u></u>

The Organization manages their exposure to liquidity risk by regularly monitoring the liquidity required to meet operating needs and other contractual commitments. The Organization prepares annual budgets to manage liquidity and to determine general expenditures over the next 12 months and anticipate collecting revenue sufficient to cover general expenditures during that period. For purposes of analyzing resources available to meet general obligations over a 12 month period, the Organization considers all expenditures of its ongoing programmatic activities as well as management and general activities undertaken to support those activities to be general expenditures. To further manage liquidity, the Organization has a revolving line of credit which they could draw upon in the event of unanticipated liquidity needs. Additionally, the Organization has a goal of maintaining cash on hand to meet 30 days of operating expenses. While the Organizations investments are classified as long-term on the consolidated statements of financial position based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs.

3. Concentration of Credit Risk and Revenue Concentration

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Organization maintains its cash in bank accounts with financial institutions which at times may exceed federally insured limits. The Organization maintains an investment account with a stock brokerage firm where investment balances are insured by the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

The accounts receivable balance at December 31, 2025 and 2024 includes amounts from three payer sources whose balances make up approximately 87% and 79%, of net accounts receivable, respectively. Concentrations of credit risk with respect to accounts receivable are limited due to the nature of the receivables and the collection history of these types of accounts with these payer sources.

The contract revenue amount for participant fees at December 31, 2025 and 2024 includes amounts from one and three payer sources whose amounts make up approximately 10% and 16% of total revenue, respectively. Loss of revenue from these payer sources could have a significant impact on the operations of the Organization.

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4. Certificate of Deposit

Certificate of deposit consists of the following at December 31:

Certificate of Deposit	Maturity Date	Interest Rate	2025	2024
Washington Federal Bank	01/08/2025	4.975 %	\$ -	\$ 255,024

5. Accounts Receivable

Accounts receivable consist of the following at December 31:

	2025	2024
Participant fees	\$ 281,952	\$ 240,116
Other receivables	29,853	123,557
	311,805	363,673
Allowance for credit losses	(72,463)	(17,000)
Accounts receivable, net	<u>\$ 239,342</u>	<u>\$ 346,673</u>

Other receivables consist of amounts due under cost reimbursement contracts as of December 31, 2025 and 2024 that have been billed but payment has not been received as of year-end.

6. Promises to Give

Unconditional promises to give consist of the following at December 31:

	2025	2024
Receivable in less than one year	\$ 326,052	\$ 387,011
Receivable in one to five years	103,666	394,102
Total promises to give	429,718	781,113
Allowance for uncollectible promises	-	(19,705)
Unamortized discount on promises	(16,573)	(20,299)
Promises to give, net	<u>\$ 413,145</u>	<u>\$ 741,109</u>

Amounts are presented on the accompanying consolidated statements of financial position as follows:

	2025	2024
Promises to give, current portion	\$ 326,052	\$ 387,011
Promises to give, less current portion, unamortized discount and allowance for uncollectible promises	87,093	354,098
Total	<u>\$ 413,145</u>	<u>\$ 741,109</u>

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The Organization has a balance of approximately \$3,000 and \$91,000 of promises to give due from board members as of December 31, 2025 and 2024, respectively.

The estimated cash flows for promises to give were discounted over the collection period using a discount range of 3.00% to 4.00% as determined by management.

7. Leasing Activities

The Organization leases office space and equipment under operating lease agreements that expire at various dates through June 2027. The agreements require monthly payments ranging from approximately \$205 to \$2,500. Subsequent to year-end, the Organization renewed one office space lease through April 2028.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term. The Organization estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

The Organization made significant assumptions and judgments in applying the lease requirements. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.

The Organization does not have any material leasing transactions with any related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of December 31:

	2025	2024
Operating lease right-of-use assets	<u>\$ 19,444</u>	<u>\$ 71,900</u>
Operating lease liabilities:		
Current	\$ 16,138	\$ 56,919
Long-term	<u>3,892</u>	<u>20,029</u>
Total operating lease liabilities	<u>\$ 20,030</u>	<u>\$ 76,948</u>

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Below is a summary of expenses incurred pertaining to leases during the years ended December 31:

	2025	2024
Operating lease expense	\$ 53,933	\$ 53,933
Short-term lease expense	-	5,634
Total lease expense	\$ 53,933	\$ 59,567

The right-of-use assets and lease liabilities were calculated using a weighted-average discount rate of 2.51% and 2.31% as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the weighted-average remaining lease term was 1.08 years and 1.96 years, respectively.

The table below summarizes the Organization's future minimum lease payments for years ending after December 31, 2025:

Years ending December 31:	
2026	\$ 16,442
2027	3,930
Total lease payments	20,372
Less present value discount	(342)
Total lease liabilities	20,030
Less current portion	(16,138)
Long-term lease liabilities	\$ 3,892

The following table includes supplemental cash flow and noncash information related to the leases for the years ended December 31:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 58,397	\$ 51,536
Operating lease right-of-use assets obtained in exchange for lease liabilities	\$ -	\$ 51,515

8. Investments and Fair Value Measurements

Investments with readily determinable fair values are measured at fair value in the consolidated statements of financial position as determined by quoted market prices in active markets (Level 1). The value of investments held with the Arizona Community Foundation (ACF) are measured on a recurring basis and are determined based on its investment percentage in the ACF investment pool and the underlying value of the assets in that pool (Level 3). ACF implements an investment strategy for these pooled funds that includes equity, fixed income, hedge funds and private equity investments. These investments are determined to be Level 3 within the fair value hierarchy because even though that measurement is based on the underlying fair value of the assets held by ACF, the Organization will never receive those specific assets.

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The following table presents assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31:

2025				
	Level 1	Level 2	Level 3	Total
Other investments:				
Money market	\$ 21,089	\$ -	\$ -	\$ 21,089
Fixed income	434,047	-	-	434,047
Equity funds	392,482	-	-	392,482
Beneficial interest in assets held by ACF, long-term diversified pool	-	-	72,366	72,366
	<u>\$ 847,618</u>	<u>\$ -</u>	<u>\$ 72,366</u>	<u>\$ 919,984</u>
Endowment investments:				
Fixed income	\$ 2,277,496	\$ -	\$ -	\$ 2,277,496
Equity funds	1,051,703	-	-	1,051,703
	<u>\$ 3,329,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,329,199</u>
2024				
	Level 1	Level 2	Level 3	Total
Other investments:				
Fixed income	\$ 530,433	\$ -	\$ -	\$ 530,433
Equity funds	647,918	-	-	647,918
Beneficial interest in assets held by ACF, long-term diversified pool	-	-	67,468	67,468
	<u>\$ 1,178,351</u>	<u>\$ -</u>	<u>\$ 67,468</u>	<u>\$ 1,245,819</u>
Endowment investments:				
Fixed income	\$ 2,227,394	\$ -	\$ -	\$ 2,227,394
Equity funds	945,345	-	-	945,345
	<u>\$ 3,172,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,172,739</u>

Investment return is summarized as follows for the years ended December 31:

	2025	2024
Interest and dividends	\$ 265,073	\$ 176,512
Realized gain	1,372	9,094
Unrealized gain	301,041	200,591
Investment fees	(3,382)	(891)
Investment return	<u>\$ 564,104</u>	<u>\$ 385,306</u>

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The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended December 31, 2025 and 2024:

Balance, December 31, 2023	\$	64,106
Interest and dividends		1,049
Realized and unrealized gain		6,004
Investment fees		(891)
Withdrawals		(2,800)
		<u>67,468</u>
December 31, 2024		67,468
Interest and dividends		1,000
Realized and unrealized gain		7,458
Investment fees		(860)
Withdrawals		(2,700)
		<u>72,366</u>
December 31, 2025	\$	<u>72,366</u>

9. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Land and improvements	\$ 844,343	\$ 844,343
Buildings and improvements	8,403,863	8,541,023
Office equipment and furniture	1,309,089	1,289,885
Vehicles	281,800	347,168
Leasehold improvements	257,764	120,602
	<u>11,096,859</u>	<u>11,143,021</u>
Accumulated depreciation	(5,360,597)	(5,085,078)
Buildings under construction	204,850	-
	<u>5,941,112</u>	<u>6,057,943</u>
Total	\$ 5,941,112	\$ 6,057,943

The Organization has entered into construction contracts for the construction of a memory care facility totaling approximately \$1,171,000 as of December 31, 2025. As of December 31, 2025, the remaining commitment on these contracts totaled approximately \$595,000.

Depreciation expense was approximately \$352,000 and \$355,000 for the years ended December 31, 2025 and 2024, respectively.

10. Line of Credit

The Organization has a line of credit with a bank available in the amount of \$750,000. This line has a maturity date of September 12, 2026, and bears interest at a variable rate of the Wall Street Journal Prime rate minus .25%. There was no balance outstanding on this line as of December 31, 2025 and 2024.

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11. Long-Term Debt

During the year ended December 31, 2020, the Organization entered into a note with the Small Business Administration Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. During the year ended December 31, 2021, an additional \$350,000 in EIDL funds was received. The amended note is secured by various assets and is payable in monthly installments of \$2,212 beginning in January 2023 including interest at 2.75%. Maturity is in June 2050. Future minimum principal payments required on long-term debt as of December 31, 2025 are as follows:

Years ending December 31:	
2026	\$ 13,712
2027	14,094
2028	14,453
2029	14,890
2030	15,305
Thereafter	412,250
	<u>\$ 484,704</u>

12. Charitable Gift Annuity

The Organization is the beneficiary to one charitable gift annuity. The assets contributed under the charitable gift annuity is included with cash and cash equivalents. Contribution support is recognized at the date the annuity is established after recording liabilities for the present value of the estimated future payments to be made to the donor and/or other beneficiaries. The present value is calculated using a discount rate determined at the time the annuity is established, which was determined to be 4.00%, and actuarial table and guidelines are used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits.

As of December 31, 2025 and 2024, the present value of the estimated annuity payments associated with the gift annuity is as follows:

	<u>2025</u>	<u>2024</u>
Current portion of charitable gift annuity	\$ 290	\$ 290
Long-term portion of charitable gift annuity	1,642	1,932
Total	<u>\$ 1,932</u>	<u>\$ 2,222</u>

13. Endowment Funds

The endowment fund consists of donations restricted in perpetuity by the donors which are included in net assets with donor restrictions on the accompanying consolidated statements of financial position. Endowment net asset composition as of December 31 is as follows:

	<u>2025</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original corpus	\$ -	\$ 2,612,526	\$ 2,612,526
Accumulated investment earnings	-	716,673	716,673
	<u>\$ -</u>	<u>\$ 3,329,199</u>	<u>\$ 3,329,199</u>

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	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Original corpus	\$ -	\$ 2,644,764	\$ 2,644,764
Accumulated investment earnings	-	527,975	527,975
	<u>\$ -</u>	<u>\$ 3,172,739</u>	<u>\$ 3,172,739</u>

Changes in endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, December 31, 2023	\$ -	\$ 3,060,339	\$ 3,060,339
Interest and dividend income	-	109,086	109,086
Realized and unrealized gain	-	106,286	106,286
Investment fees	-	-	-
Amounts appropriated for expenditures	-	(102,972)	(102,972)
Endowment funds, December 31, 2024	-	3,172,739	3,172,739
Interest and dividend income	-	123,422	123,422
Realized and unrealized gain	-	186,612	186,612
Investment fees	-	-	-
Release from restriction	-	(32,238)	(32,238)
Amounts appropriated for expenditures	-	(121,336)	(121,336)
Endowment funds, December 31, 2025	<u>\$ -</u>	<u>\$ 3,329,199</u>	<u>\$ 3,329,199</u>

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14. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	2025	2024
Subject to purpose restrictions:		
Senior living building	\$ 3,606,158	\$ 2,720,721
Building capital reserve	33,149	33,149
Benefit and member scholarships	131,817	4,738
Other	119,729	32,417
	<u>3,890,853</u>	<u>2,791,025</u>
Subject to time and purpose restrictions:		
Senior living building, promises to give	<u>413,145</u>	<u>760,814</u>
Endowments:		
Portion of endowment fund that is required to be permanently retained	2,612,526	2,644,764
Investment return on endowment fund subject to spending policy and appropriation	<u>716,673</u>	<u>527,975</u>
	<u>3,329,199</u>	<u>3,172,739</u>
Total	<u><u>\$ 7,633,197</u></u>	<u><u>\$ 6,724,578</u></u>

15. In-Kind Contributions

The Organization received the following contributions of nonfinancial assets for the years ended December 31, 2025 and 2024:

Nonfinancial Asset	Utilization in Programs / Activities	Donor Restrictions	Valuation Technique and Inputs	Revenue Recognized	
				2025	2024
Occupancy	Program Services	None	Valuation based on current rates charged for rent similar to the property in the greater Phoenix metropolitan area.	\$ 75,168	\$ 81,912
Supplies and other	Program and Supporting Services	None	Valuation based on fair value of assets provided by the donor operating in the greater Phoenix metropolitan area.	744	28,909
				<u>\$ 75,912</u>	<u>\$ 110,821</u>

16. Retirement Plan

The Organization has a retirement plan that allows for employee contributions under Section 403(b) of the Code. Eligible employees may elect to make contributions subject to the maximum amounts allowed by the Code. There were employer matching contributions in the amount of \$28,770 and \$66,133 for the years ended December 31, 2025 and 2024, respectively.

Sun City Area Interfaith Services, Inc.
dba Benevilla and Subsidiaries

Notes to Consolidated Financial Statements
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17. Commitments and Contingencies

The Organization participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service, which may be disallowed by the granting or contracting agencies, cannot be determined at this time, although the Organization's management expects such amounts, if any, to be immaterial.

The Organization is involved in legal disputes that may arise from time to time under the normal course of business. In the opinion of management, the resolution of such matter will not have a material adverse impact on the Organization's financial position, change in net assets or cash flows.