

SPECIAL NEEDS COBB, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED OCTOBER 31, 2025 AND 2024

SPECIAL NEEDS COBB, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Special Needs Cobb, Inc.
Marietta, Georgia

Qualified Opinion

We have audited the accompanying financial statements of Special Needs Cobb, Inc. which comprise the statements of financial position as of October 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related summary of accounting policies and notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the financial statements referred to above present fairly, in all material respects, the financial position of Special Needs Cobb, Inc., as of October 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, Special Needs Cobb, Inc. has an indirect controlling financial interest in 23 nonprofit group home organizations which requires consolidation of the organizations in the financial statements. The financial statements do not include the group homes. Management has not determined the financial impact of the group homes had they been included in the consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Special Needs Cobb, Inc. 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 qualified audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Special Needs Cobb, Inc.'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 Audits 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, including omissions, 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 audits.
- 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 audits 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 Special Needs Cobb, Inc.'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 Special Needs Cobb, Inc.'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Heglep Nonprofit Advisors

Lilburn, Georgia
February 25, 2026

Special Needs Cobb, Inc.
Statements of Financial Position

	As of October 31,	
	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 111,775	\$ 152,010
Marketable securities (Note 4)	412,353	142,796
Grants and fees receivable	52,921	102,811
Prepaid expenses	5,951	-
	583,000	397,617
DUE FROM AFFILIATES (NOTE 2), net of allowance for credit losses of \$80,000 and \$80,000	150,019	119,731
PROPERTY AND EQUIPMENT (NOTE 3)	603,269	801,638
TOTAL ASSETS	\$ 1,336,288	\$ 1,318,986
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 28,630	\$ 54,034
Current portion of EIDL loan (Note 1)	-	79
	28,630	54,113
EIDL LOAN (Note 1)	-	24,921
TOTAL LIABILITIES	28,630	79,034
NET ASSETS:		
Without donor restrictions	1,307,658	1,239,952
Total Net Assets	1,307,658	1,239,952
TOTAL LIABILITIES AND NET ASSETS	\$ 1,336,288	\$ 1,318,986

See accompanying summary of accounting policies and notes to financial statements.

Special Needs Cobb, Inc.
Statement of Activities
For the Year Ended October 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT:			
Grants and contracts	\$ 250,942	\$ -	\$ 250,942
Fundraising, less direct benefits of \$15,290	53,695	-	53,695
Contributions	159,184	14,600	173,784
Total Public Support	463,821	14,600	478,421
REVENUE:			
Respite fees	3,930	-	3,930
Management fees (Note 2)	142,063	-	142,063
Group Home overhead recovery (Note 2)	123,679	-	123,679
Interest and dividends, net of fees of \$2,483	8,613	-	8,613
Unrealized gain on marketable securities	17,485	-	17,485
Realized gain on marketable securities	2,390	-	2,390
Total Revenue	298,160	-	298,160
Total Public Support and Revenue before transfers	761,981	14,600	776,581
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	14,600	(14,600)	-
Total Public Support and Revenue	776,581	-	776,581
EXPENSES:			
Program	740,618	-	740,618
Management and general	64,730	-	64,730
Fundraising	86,962	-	86,962
Total Expenses	892,310	-	892,310
CHANGES IN OPERATING NET ASSETS	(115,729)	-	(115,729)
Gain (loss) on sale of fixed assets, net	183,435	-	183,435
CHANGES IN NET ASSETS	67,706	-	67,706
NET ASSETS:			
Beginning of year	1,239,952	-	1,239,952
End of year	\$ 1,307,658	\$ -	\$ 1,307,658

See accompanying summary of accounting policies and notes to financial statements.

Special Needs Cobb, Inc.
Statement of Activities
Year Ended October 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT:			
Grants and contracts	\$ 104,690	\$ -	\$ 104,690
Fundraising, less direct benefits of \$13,543	38,918	-	38,918
Contributions	27,784	28,200	55,984
Total Public Support	171,392	28,200	199,592
REVENUE:			
Respite fees	45,529	-	45,529
Management fees (Note 2)	114,305	-	114,305
Group Home overhead recovery (Note 2)	110,159	-	110,159
Interest and dividends, net of fees of \$6,756	30,625	-	30,625
Unrealized gain on marketable securities	29,699	-	29,699
Realized gain on marketable securities	46,010	-	46,010
Total Revenue	376,327	-	376,327
Total Public Support and Revenue before transfers	547,719	28,200	575,919
Net Assets Released from Restrictions due to Satisfaction of Donor-imposed Requirements	28,200	(28,200)	-
Total Public Support and Revenue	575,919	-	575,919
EXPENSES:			
Program	611,236	-	611,236
Management and general	79,249	-	79,249
Fundraising	78,925	-	78,925
Total Expenses	769,410	-	769,410
CHANGES IN NET ASSETS	(193,491)	-	(193,491)
NET ASSETS:			
Beginning of year	1,433,443	-	1,433,443
End of year	\$ 1,239,952	\$ -	\$ 1,239,952

See accompanying summary of accounting policies and notes to financial statements.

Special Needs Cobb, Inc.
Statement of Functional Expenses
For the Year Ended October 31, 2025

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 304,944	\$ 39,038	\$ 41,389	\$ 385,371
Outside services	22,485	17,097	38,333	77,915
Occupancy	7,757	716	759	9,232
Transportation	49	-	-	49
Insurance	62,877	1,239	1,313	65,429
Interest	867	111	118	1,096
Telecommunications	7,091	908	962	8,961
Postage and printing	698	89	95	882
Office related	10,737	1,375	1,457	13,569
Travel	2,702	346	367	3,415
Advertising/promotion	32,609	-	-	32,609
Other	4,179	479	503	5,161
	<u>456,995</u>	<u>61,398</u>	<u>85,296</u>	<u>603,689</u>
Total expenses before allocations and depreciation				
Allocations to Affiliates (Note 2)	221,981	-	-	221,981
Depreciation	61,642	3,332	1,666	66,640
	<u>61,642</u>	<u>3,332</u>	<u>1,666</u>	<u>66,640</u>
	<u>740,618</u>	<u>64,730</u>	<u>86,962</u>	<u>892,310</u>
Total Expenses				

See accompanying summary of accounting policies and notes to financial statements.

Special Needs Cobb, Inc.
Statement of Functional Expenses
For the Year Ended October 31, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 336,110	\$ 51,282	\$ 32,955	\$ 420,347
Outside services	27,645	14,039	37,847	79,531
Occupancy	15,828	718	462	17,008
Transportation	797	-	-	797
Insurance	72,176	2,293	1,474	75,943
Interest	17,322	2,643	1,698	21,663
Telecommunications	8,454	1,290	829	10,573
Postage and printing	982	150	96	1,228
Office related	11,612	1,772	1,139	14,523
Supplies	-	-	-	-
Travel	3,181	485	312	3,978
Advertising/promotion	27,126	-	-	27,126
Other	8,515	1,016	333	9,864
	<u>529,748</u>	<u>75,688</u>	<u>77,145</u>	<u>682,581</u>
Total expenses before allocations and depreciation				
Allocations to Affiliates (Note 2)	15,612	-	-	15,612
Depreciation	65,876	3,561	1,780	71,217
	<u>611,236</u>	<u>79,249</u>	<u>78,925</u>	<u>769,410</u>
Total Expenses				

See accompanying summary of accounting policies and notes to financial statements.

Special Needs Cobb, Inc.
Statements of Cash Flows

	For the Year s Ended	
	October 31, 2025	October 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 67,706	\$ (193,491)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	66,640	71,217
Loss (gain) on sale of property and equipment	(183,435)	-
Realized/unrealized loss (gain) on marketable securities	(19,875)	(75,709)
(Increase) decrease in receivables	49,890	(99,248)
(Increase) decrease in due from affiliates	(30,288)	(48,993)
(Increase) decrease in prepaid expenses	(5,951)	-
Increase (decrease) in accounts payable and accrued expenses	(25,404)	18,537
	(80,717)	(327,687)
Net Cash Provided by (Used in) Operating Activities	(80,717)	(327,687)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(39,135)	(86,774)
Marketable securities proceeds (purchases)	(249,682)	916,732
Proceeds on sale of property and equipment	354,299	-
	65,482	829,958
Net Cash Provided by (Used in) Investing Activities	65,482	829,958
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from margin loan	-	19,618
Repayment on margin loan	-	(401,180)
Repayment on EIDL loan	(25,000)	-
	(25,000)	(381,562)
Net Cash Provided by (Used in) Financing Activities	(25,000)	(381,562)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,235)	120,709
CASH AND CASH EQUIVALENTS:		
Beginning of year	152,010	31,301
End of year	\$ 111,775	\$ 152,010
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 1,096	\$ 21,663

See accompanying summary of accounting policies and notes to financial statements.

SPECIAL NEEDS COBB, INC.

SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

Special Needs Cobb, Inc. (the "Organization") is a nonprofit voluntary health and welfare organization that has provided supportive services for the mentally or developmentally-challenged and their families for over fifty years. Founded in 1956, the Organization offers special needs families a weekend respite care program for their special needs loved one, serving age eight and up from across Georgia. Through the HUD Section 811 Grant Program, the Organization builds and manages group homes in the community for persons with MR/DD through affiliated organizations. The Organization has completed the following group homes: The Butterfield House, The ARC House, The Lewis Road House, The Greenbrook House, The House on Greenbrook Circle, The Ruth Hardin House, The Cobb ARC House, The Powell House, The Grindle House, The Jared House, The Louise Place House, The Twelfth House, The ARC Lighthouse, The Paschal House, The Eighteenth House, The Michael S. Huff House, The Sara Fera House, The Kephart House, The Mulberry House, Cassie's Corner, The Willow House, The Sweetwater House, and The Kenny Cox Home, Inc.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets, revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

Net assets without donor restrictions are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in furniture and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates in these financial statements include allocation of expenses on a functional basis, depreciation, and the net realizable value of the due from affiliates.

INCOME TAXES

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

SPECIAL NEEDS COBB, INC.
SUMMARY OF ACCOUNTING POLICIES

INCOME TAXES, continued

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of October 31, 2025 and 2024, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have until the later of three years from the filing date or due date of the filing to examine a return.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

MARKETABLE SECURITIES

Marketable securities are recorded at fair value with gains and losses reported in the statement of activities. Donated marketable securities are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Balances may, at times, exceed federally insured limits. Management believes it is not exposed to any significant credit risk on marketable security accounts and the Organization has not experienced any such losses in such accounts during the fiscal year.

FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value for marketable securities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase consistency and comparability in fair value measurements, generally accepted accounting principles established a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Other significant observable inputs not quoted on active markets, but corroborated by market data
- Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to fair value of the underlying assets

SPECIAL NEEDS COBB, INC.
SUMMARY OF ACCOUNTING POLICIES

FAIR VALUES OF FINANCIAL INSTRUMENTS, continued

The value on a recurring basis as of October 31, 2025, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Publicly traded securities	\$412,353	\$412,353	\$ -	\$ -

The value on a recurring basis as of October 31, 2024, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Publicly traded securities	\$142,796	\$142,796	\$ -	\$ -

GRANTS AND FEES RECEIVABLE

Grants and fees receivable consist primarily of an unconditional grant from a private foundation and other amounts due to the Organization as of October 31, 2025. As of October 31, 2024, grants and fees receivable included amounts due under a Community Development Block Grant (CDBG) program and other amounts due to the Organization. All amounts are expected to be collected within one year.

In accordance with ASC Topic 326, *Financial Instruments—Credit Losses*, management evaluates receivables for expected credit losses based on historical collection experience and knowledge of the counterparties. Management determined that an allowance for credit losses was not necessary as of October 31, 2025 and 2024, as the amounts were considered fully collectible.

PROPERTY AND EQUIPMENT

Property and equipment over \$500 are stated at cost, or if donated, at estimated fair value at the date of donation. Depreciation is computed over the estimated useful lives (3-40 years) of the assets using the straight-line method. Acquisitions of furniture and equipment or repairs, maintenance or betterments that materially prolong useful lives of assets are capitalized.

PUBLIC SUPPORT AND REVENUE RECOGNITION

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. The Organization recognizes revenue from exchange transactions in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the five-step approach. Revenues are recognized at a point in time.

A portion of the Organization’s grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

SPECIAL NEEDS COBB, INC.
SUMMARY OF ACCOUNTING POLICIES

PUBLIC SUPPORT AND REVENUE RECOGNITION, continued

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications. The Organization classifies donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period in which the contributions are received. Pledges to give payments in future years are recorded as support in the year the pledge is made. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period.

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in net assets without donor restrictions. The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures and other criteria.

CONTRIBUTED NONFINANCIAL ASSETS

Many individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative and fundraising tasks. The value of these services has not been reflected in the financial statements since they do not meet the criteria for recognition under GAAP.

CONCENTRATIONS

The Organization maintains bank accounts and brokerage accounts in financial institutions that at times may exceed federally insured limits.

For the years ended October 31, 2025 and 2024, the Organization received 28% and 13%, respectively, of total public support revenue from one governmental agency. For the same periods, the Organization received 36% and 39%, respectively, of total public support and revenue from the Affiliates (see Note 2).

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

SPECIAL NEEDS COBB, INC.
SUMMARY OF ACCOUNTING POLICIES

RECENTLY ADOPTED ACCOUNTING POLICIES

Financial Instruments – Credit Losses

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires entities to measure expected credit losses for certain financial assets held at amortized cost.

The Organization adopted Topic 326 effective November 1, 2023. Financial assets subject to the standard primarily consist of grants and fees receivable and amounts due from affiliates. Under Topic 326, the Organization estimates expected credit losses using historical collection experience, current conditions, and reasonable and supportable forecasts.

Upon adoption, management evaluated its receivables and determined that the estimated allowance for credit losses was not materially different from amounts previously recorded. Accordingly, adoption of Topic 326 did not result in a cumulative-effect adjustment and did not have a material impact on the Organization's financial statements.

SPECIAL NEEDS COBB, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – COVID-19 PANDEMIC ASSISTANCE

In a prior year, the Organization obtained an Economic Injury Disaster Loan (EIDL) in the amount of \$25,000 under the Small Business Administration (SBA). The loan proceeds are to be used solely for working capital to alleviate the economic injury due to the pandemic. The loan is to be repaid in monthly installments, including principal and injury over a 30 year period. Interest on the note is 3.75% per annum. The loan matures in 2050. In accordance with the loan agreement, all payments would first apply to interest accrued during this deferment period. During the fiscal year ended October 31, 2025, the loan was paid in full.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Organization helped establish several independent nonprofit organizations known as The Butterfield House, Inc., The ARC House, Inc., The Lewis Road House, Inc., The Greenbrook House, Inc., The Louise Place House, Inc., The Twelfth House, Inc., The Paschal House, Inc., The ARC Lighthouse House, Inc., The House on Greenbrook Circle, Inc., The Cobb Arc House, Inc., The Jared House, Inc., The Powell House, Inc., The Grindle House, Inc., The Ruth Hardin House, Inc., The Sara Fera House, Inc., The Eighteenth House, Inc., The Michael S. Huff House, Inc., The Kephart House, Inc., The Mulberry House, Inc., Cassie's Corner, Inc., The Willow House, Inc., The Sweetwater House, Inc. and The Kenny Cox Home, Inc. These organizations are collectively referred to as the "Affiliates".

The purpose of each Affiliate is to build and maintain a group home for low income, intellectually or developmentally-challenged individuals. Currently 22 of the 23 group homes are occupied. One home, The Sweetwater House, is unoccupied due to a Medicaid provider vacating the home due to lack of staff. This home was renovated in fall of 2024 in order to begin the process of obtaining a new Medicaid provider. As of December 1, 2024, this home is under contract with one of our Medicaid providers, RHA, who is paying base rent for this property while this property is undergoing the state certification process for occupancy by a new provider. The certification process is conducted by DBHDD. The homes are funded with U.S. HUD Section 811 financial assistance. The Due from Affiliates represents expenditures incurred on behalf of the Affiliates which will be reimbursed by the Affiliate. During the years ended October 31, 2025 and 2024, the amounts reflected as Allocations to Affiliates in the statements of functional expenses represent contributions to these Affiliates.

During the years ended October 31, 2025 and 2024, the Organization received \$265,742 and \$224,464, respectively, from the Affiliates related to facility management fees, other fees and overhead recoveries. In addition, as of October 31, 2025 and 2024, these Affiliates owed \$150,019 and \$119,731 (net of allowance), respectively. During the years ended October 31, 2025 and 2024, the Organization recorded an additional allowance of \$2,946 and \$12,750, respectively, related to the aforementioned Due from Affiliates which is included in the Allocations to Affiliates in the Statement of Activities.

SPECIAL NEEDS COBB, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – RELATED PARTY TRANSACTIONS, continued

The Affiliates' by-laws require that all board members of the Affiliates are board members of the Organization. Under U.S. GAAP, the Organization has an indirect controlling financial interest in the Affiliates which would require the preparation of consolidated financial statements including the accounts of the Organization and the Affiliates. Management has elected not to present consolidated financial statements. Accordingly, the accompanying financial statements do not include the assets, liabilities, net assets, or results of operations of the Affiliates.

In certain instances, the Organization has received grants or other funding and incurred capital expenditures benefiting properties owned by the Affiliates. Such amounts are reflected in the accompanying financial statements based on the Organization's role in administering these activities. Had the financial statements been prepared on a consolidated basis, intercompany balances and transactions, including amounts related to property and equipment and due from Affiliates, would have been eliminated and the related assets and activities of the Affiliates would have been included.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of October 31:

	2025	2024
Land and building – Respite Home	\$ -	\$ 235,187
Building - Kennesaw	297,006	297,006
Building Improvements	496,897	522,363
Furniture and fixtures	30,601	43,691
Playground Equipment	-	12,000
Equipment	45,290	36,281
Van	-	46,067
Website	12,249	12,249
	<u>882,043</u>	<u>1,204,844</u>
Less accumulated depreciation	<u>(278,774)</u>	<u>(403,206)</u>
Net property and equipment	<u>\$ 603,269</u>	<u>\$ 801,638</u>

SPECIAL NEEDS COBB, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – MARKETABLE SECURITIES

Marketable securities consisted of the following as of October 31:

	2025	2024
Debt security mutual funds	\$ 97,735	\$ 14,852
Equity mutual funds	314,618	127,944
	<u>\$ 412,353</u>	<u>\$ 142,796</u>

NOTE 5 – RETIREMENT

The Organization sponsors a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code (the Plan) for the benefit of its eligible employees. The Plan became effective January 1, 2025, and covers substantially all eligible employees of the Organization.

Eligible employees may make elective deferrals to the Plan on a pre-tax and/or Roth basis, subject to Internal Revenue Code limitations. The Organization may make discretionary matching and profit-sharing contributions to the Plan, as determined annually. Employer contributions, if any, are expensed in the period the obligation is incurred.

Plan assets are held in trust and are not available for general corporate purposes. The Organization made no contributions during the fiscal years ended October 31, 2025, and 2024.

NOTE 6 – LIQUIDITY AND FUNDS AVAILABLE

Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the contractual or donor-imposed restrictions. The following table reflects the Organization's financial assets, reduced by amounts not available for general expenditure within one year, as of October 31:

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 111,775	\$ 152,010
Marketable securities	412,353	142,796
Grants and fees receivable	52,921	102,811
	<u>577,049</u>	<u>397,617</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 577,049</u>	<u>\$ 397,617</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Funds restricted by donors that are part of the Organization's ongoing operations are considered to be financial assets available to meet cash needs for general expenditures. As part of the Organization's liquidity management, it has established guidelines for making decisions related to management short term cash reserves in a prudent manner.