



**CONSOLIDATED
FINANCIAL STATEMENTS**

Years Ended June 30, 2025 and 2024

with

Independent Auditors' Report

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Independent Auditors' Report

The Board of Directors
The 4th Dimension Recovery Center

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The 4th Dimension Recovery Center and Affiliates (collectively, the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on the Audit of the Consolidated Financial Statements - Continued

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of The 4th Dimension Recovery Center's (the Organization) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Hoffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
December 22, 2025

The 4th Dimension Recovery Center
Consolidated Statements of Financial Position

June 30,	2025	2024
ASSETS		
Cash and cash equivalents	\$ 6,779,165	\$ 4,183,763
Certificates of deposit	210,665	204,761
Accounts receivable - net <i>(Note 4)</i>	463,383	-
Grants and contracts receivable	1,840,023	1,099,491
Prepaid expenses and other assets	375,486	241,631
Property and equipment - net <i>(Note 5)</i>	4,295,770	492,023
Operating lease right-of-use assets <i>(Note 6)</i>	4,554,158	5,024,890
Total assets	\$ 18,518,650	\$ 11,246,559
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 340,452	122,220
Accrued payroll liabilities	654,184	528,178
Refundable advances	5,649,910	3,547,874
Operating lease liabilities <i>(Note 6)</i>	4,761,345	5,135,924
Total liabilities	11,405,891	9,334,196
Commitments and contingencies <i>(Notes 8 and 10)</i>		
Net assets:		
Without donor restrictions	6,619,839	1,553,370
With donor restrictions <i>(Note 7)</i>	492,920	358,993
Total net assets	7,112,759	1,912,363
Total liabilities and net assets	\$ 18,518,650	\$ 11,246,559

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

The 4th Dimension Recovery Center

Consolidated Statements of Activities

Years Ended June 30,	2025	2024
Changes in net assets without donor restrictions:		
Operating revenues and support:		
Government grants and contracts	\$ 18,235,044	\$ 12,765,019
Net patient care service revenue	520,198	-
Foundation grants	229,268	145,825
Contributions	268,123	76,532
Fundraising events (net of direct expenses of \$221,413 in 2025 and \$254,544 in 2024)	209,758	155,729
Interest income	7,983	13,714
Other income	399,531	158,272
Net assets released from restrictions (Note 7)	265,663	21,588
Total operating revenues and support	20,135,568	13,336,679
Operating expenses:		
Program services	16,175,317	11,549,079
Management and general	2,043,121	1,413,095
Fundraising	422,447	449,505
Total operating expenses	18,640,885	13,411,679
Change in net assets without donor restrictions from operations	1,494,683	(75,000)
Government grants for capital projects	3,571,786	-
Change in net assets without donor restrictions	5,066,469	(75,000)
Changes in net assets with donor restrictions:		
Grants and contributions restricted for capital projects	263,505	275,000
Foundation grants	120,085	80,207
Contributions	16,000	3,757
Net assets released from restrictions (Note 7)	(265,663)	(21,588)
Change in net assets with donor restrictions	133,927	337,376
Total change in net assets	5,200,396	262,376
Net assets, beginning of year	1,912,363	1,649,987
Net assets, end of year	\$ 7,112,759	\$ 1,912,363

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

The 4th Dimension Recovery Center

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Payroll and related expenses	\$ 9,754,125	\$ 1,184,945	\$ 159,478	\$ 11,098,548
Professional services	744,475	290,680	71,249	1,106,404
Rent and utilities	1,843,939	140,785	19,229	2,003,953
Client support	947,784	-	-	947,784
Recovery supportive housing	327,333	-	-	327,333
Conference and training	427,682	40,181	11,852	479,715
Insurance	63,025	89,767	-	152,792
Marketing	201,455	-	17,450	218,905
Communications and IT	106,014	23,069	4,790	133,873
Licenses, fees, and dues	84,037	72,469	9,333	165,839
Travel	416,483	36,540	17,798	470,821
Equipment and furniture	366,031	50,392	13,071	429,494
Supplies	543,067	-	9,253	552,320
Community organizing	-	18,750	-	18,750
Contributions	67,363	-	-	67,363
Other expenses	116,241	93,002	71,811	281,054
Depreciation and amortization	166,263	2,541	17,133	185,937
	\$ 16,175,317	\$ 2,043,121	\$ 422,447	\$ 18,640,885

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

The 4th Dimension Recovery Center

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Payroll and related expenses	\$ 6,967,980	\$ 1,022,982	\$ 268,315	\$ 8,259,277
Professional services	594,398	114,862	8,304	717,564
Rent and utilities	1,081,529	76,488	21,645	1,179,662
Client support	768,305	-	-	768,305
Recovery supportive housing	945,191	-	-	945,191
Conference and training	137,907	21,260	24,281	183,448
Insurance	3,840	73,780	-	77,620
Marketing	15,216	5,201	8,547	28,964
Communications and IT	60,458	5,020	2,550	68,028
Licenses, fees, and dues	67,365	43,618	17,450	128,433
Travel	330,072	18,945	21,880	370,897
Equipment and furniture	225,585	13,775	4,944	244,304
Supplies	179,616	5,001	5,575	190,192
Community organizing	11,787	-	77	11,864
Contributions	41,473	-	-	41,473
Other expenses	1,669	8,726	15,508	25,903
Depreciation and amortization	116,688	3,437	50,429	170,554
	\$ 11,549,079	\$ 1,413,095	\$ 449,505	\$ 13,411,679

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

The 4th Dimension Recovery Center

Consolidated Statements of Cash Flows

Years Ended June 30,	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 5,200,396	\$ 262,376
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	185,937	170,554
Loss on disposal of property and equipment	18,166	-
Grants and contributions for capital projects	(3,835,291)	(275,000)
Change in operating right-of-use assets and operating lease liabilities	96,153	111,034
Net change in:		
Accounts receivable - net	(463,383)	-
Grants and contracts receivable	(740,532)	(82,675)
Employee retention credits receivable	-	600,005
Prepaid expenses and other assets	(133,855)	(110,480)
Accounts payable and accrued expenses	218,232	(28,564)
Accrued payroll liabilities	126,006	155,574
Refundable advances	2,102,036	(352,911)
	2,773,865	449,913
Cash flows from investing activities:		
Reinvestment of interest income	(5,904)	(4,761)
Purchase of property and equipment	(4,007,850)	(228,229)
	(4,013,754)	(232,990)
Cash flows from financing activities:		
Proceeds from grants and contributions for capital projects	3,835,291	50,000
	3,835,291	50,000
Net cash provided by financing activities	3,835,291	50,000
Net increase in cash and cash equivalents	2,595,402	266,923
Cash and cash equivalents, beginning of year	4,183,763	3,916,840
Cash and cash equivalents, end of year	\$ 6,779,165	\$ 4,183,763

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

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements

1. Nature of Activities

The 4th Dimension Recovery Center (4D Recovery) is a Recovery Community Organization (RCO) in the greater Portland, Oregon area whose mission is to provide a variety of substance use recovery support services to young people ages 18 to 35. The Organization partners with systems, communities, and individuals to deliver age-specific recovery services that are sensitive to race, ethnicity, culture, and gender identity. The Organization supports all pathways to recovery and offers a variety of services to support consumer needs, including peer mentoring, recovery meetings and events, community center spaces, leadership development, and housing supports.

2. Summary of Significant Accounting Policies

Basis of Accounting - The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of 4D Recovery, Northwest Instituto Latino De Adicciones (doing business as El Jardin), Painted Horse Recovery (PHR), and True Colors Recovery Organization (True Colors) (collectively, the Organization). All inter-organizational accounts and transactions have been eliminated.

Consolidation is required because of 4D Recovery's controlling interest in these entities.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Use of Estimates - The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support, and expenses during the year. Actual results could differ from these estimates. Significant estimates made by management include depreciation and amortization expense (based on estimated useful lives of the underlying assets) and the allocation of certain expenses by function.

Cash and Cash Equivalents - For purposes of the consolidated financial statements, the Organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Certificates of Deposit - Certificates of deposit are carried at cost plus accrued interest.

Accounts Receivable - Receivables are recognized as services are provided. The Organization does not assess finance charges on past due amounts.

Allowance for Credit Losses - The Organization operates in the health-care industry and its accounts receivable are primarily derived from patients, payors, and contractors. At each consolidated statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each consolidated statement of financial position date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as an offset to credit loss expense in the year of recovery in accordance with the Organization's accounting policy election.

Property and Equipment - Property and equipment is stated at cost or estimated fair value at date of donation. Expenditures for assets with a cost greater than \$5,000 and those that materially increase the estimated useful lives of assets are capitalized. Depreciation and amortization are provided using the straight-line method over estimated useful lives ranging from 2 to 15 years. Gains or losses on disposals of property and equipment are included in other income in the accompanying consolidated statements of activities.

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition - The Organization's major sources of support and revenue and related revenue recognition policies are summarized as follows:

Government Grants and Contracts Revenue - The Organization's government grants and contracts revenue is substantially derived from federal, state, and local government sources, which are considered conditional contributions and conditioned upon certain barriers (typically specific performance requirements and/or the incurrence of allowable qualifying expenses). Amounts received are recognized as revenue when the Organization has satisfied the related barrier. At June 30, 2025 and 2024, the Organization had approximately \$19.8 million and \$21.9 million, respectively, in cost-reimbursable grants that have not been recognized as revenue because qualifying expenditures have not yet been incurred. Included in these amounts are \$5,649,910 and \$3,547,874, respectively, which were received in advance and reported in the consolidated statements of financial position as refundable advances. All grants and contracts receivable are due within one year.

Net Patient Care Service Revenue - Patient care service revenue is recognized based on the amount the Organization expects to receive in exchange for providing patient care services once the related performance obligation is met. The performance obligation is typically met at the point in time when the service is provided. These amounts are due from patients, third-party payors (including private insurance and government programs), and others and includes variable consideration for retroactive revenue adjustments that may occur under the terms of the various agreements the Organization has with its payors. The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments and discounts.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as credit loss expense.

Settlements with third-party payors for retroactive adjustments are included in the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. Estimated settlements are adjusted in future periods as adjustments become known or as new information becomes available.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these regulations, and it is not possible to determine the impact such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition -Continued

Contributions - The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received are reflected as with or without donor restrictions, depending on the existence and/or nature of the donor restrictions. Contributions of cash and other assets that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, 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.

Advertising Expense - Advertising costs are charged to expense as they are incurred and totaled \$218,905 and \$28,964, respectively, for the years ended June 30, 2025 and 2024.

Functional Allocation of Expenses - Costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related expenses, which are allocated on the basis of estimates of time and effort. All other expenses are allocated by the function of the benefit provided by the expenditure.

Income Taxes - 4D Recovery, El Jardin, PHR, and True Colors are all exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. They are not classified as private foundations.

Management does not believe 4D Recovery, El Jardin, PHR or True Colors have any uncertain tax positions. 4D Recovery, El Jardin, PHR and True Colors have not incurred any interest or penalties associated with their tax positions, and there are currently no examinations for any tax periods in progress. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

The 4th Dimension Recovery Center
Notes to Consolidated Financial Statements - Continued

3. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, consist of the following at June 30:

	2025	2024
Cash and cash equivalents	\$ 6,779,165	\$ 4,183,763
Certificates of deposit	210,665	204,761
Accounts receivable - net	463,383	-
Grants and contracts receivable	<u>1,840,023</u>	<u>1,099,491</u>
	9,293,236	5,488,015
Less amounts unavailable for general expenditures within one year:		
Net assets with donor restrictions for specific operating purposes	<u>(70,734)</u>	<u>(83,993)</u>
	<u>\$ 9,222,502</u>	<u>\$ 5,404,022</u>

4. Accounts Receivable - Net

Accounts receivable consist of the following at June 30:

	2025	2024
Medicaid	\$ 76,582	\$ -
Third-party payors	393,581	-
Self-pay	<u>45,211</u>	<u>-</u>
	515,374	-
Less allowance for credit losses	<u>(51,991)</u>	<u>-</u>
	<u>\$ 463,383</u>	<u>\$ -</u>

The 4th Dimension Recovery Center
Notes to Consolidated Financial Statements - Continued

5. Property and Equipment - Net

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 1,967,696	\$ 75,415
Buildings	1,646,777	-
Leasehold improvements	478,772	442,335
Vehicles	484,900	342,075
Equipment	54,606	22,806
Assets in progress	<u>295,292</u>	<u>61,276</u>
	4,928,043	943,907
Less: accumulated depreciation and amortization	<u>(632,273)</u>	<u>(451,884)</u>
	<u><u>\$ 4,295,770</u></u>	<u><u>\$ 492,023</u></u>

Assets in progress represent costs associated with the design and construction of an adolescent and family recovery campus. In July 2025, the property was acquired for \$2.125 million, funded through \$1.8 million in cash and a \$2.35 million loan. The loan is secured by the property, bears interest at 6.15 percent, and matures on January 15, 2030. Undisbursed loan proceeds will be used to remodel the building, which is expected to be completed in the next fiscal year.

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

6. Leases

The Organization determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of an identified asset in exchange for consideration. When an arrangement is a lease, the Organization determines whether it is an operating or a finance lease.

Leases result in recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability, adjusted for any direct costs, prepaid or deferred rent, and lease incentives. The Organization has elected not to separate components from non-lease components, and to apply the short-term lease exception, which does not require the capitalization of leases with a term of 12 months or less. Short-term leases are recognized as expense on a straight-line basis over the term of the lease. Variable lease payments, if any, are recognized as expense in the period in which the obligation for payment is incurred. The Organization considers any options to extend or terminate a lease when determining the lease term, and only options that the Organization believes are reasonably certain to be exercised are included in the measurement of the ROU assets and lease liabilities.

The Organization leases its offices under operating leases with 5-to-10-year initial terms. Some leases may include renewal options which can extend the lease term. The exercise of these renewal options are generally at the discretion of the Organization, and only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. The lease agreements do not include any residual value guarantees or restrictive covenants. The Organization has elected to use the risk-free rate of return as the discount rate as neither the rate implicit in the lease nor the Organization's incremental borrowing rate are readily available.

Lease expense was composed of the following at June 30:

	2025	2024
Operating lease expense	\$ 1,428,334	\$ 802,445
Short-term lease expense	48,512	42,477
Variable lease expense	<u>211,792</u>	<u>228,565</u>
	<u>\$ 1,688,638</u>	<u>\$ 1,073,487</u>

The 4th Dimension Recovery Center
Notes to Consolidated Financial Statements - Continued

6. Leases - Continued

The following summarizes the cash flow information related to operating leases for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities for operating leases included in operating cash flows	\$ 1,326,588	\$ 724,074
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	\$ 545,591	\$ 3,375,277

Weighted average lease term and discount rate were as follows at June 30:

	2025	2024
Weighted-average remaining lease term (in years) for operating leases	3.9	4.9
Weighted-average discount rate for operating leases	3.9%	3.9%

The maturities of operating lease liabilities were as follows at June 30, 2025:

Years Ending June 30,	Amount
2026	\$ 1,434,775
2027	1,296,879
2028	1,109,619
2029	924,110
2030	256,660
Thereafter	<u>113,440</u>
	5,135,483
Less present value discount	<u>(374,138)</u>
Operating lease liabilities	<u><u>\$ 4,761,345</u></u>

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Restricted for capital projects	\$ 422,187	\$ 275,000
Other purpose restrictions	<u>70,734</u>	<u>83,993</u>
	<u>\$ 492,921</u>	<u>\$ 358,993</u>

During the years ended June 30, 2025 and 2024, net assets of \$265,663 and \$21,588, respectively, were released from restrictions due to the accomplishment of the restricted purposes.

8. Employee Benefit Plan

The Organization has a defined contribution retirement plan (the Plan) covering substantially all employees. The Plan was established under Section 403(b) of the Internal Revenue Code. Employee contributions to the Plan in the form of salary deferrals are immediately vested.

Under the terms of the Plan, the Organization may make discretionary matching contributions and discretionary nonelective contributions. Employer contributions to the Plan totaled \$159,196 and \$85,494, respectively, during the years ended June 30, 2025 and 2024.

9. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, certificates of deposit, accounts receivable, and government grants and contracts receivable. Cash and cash equivalent balances and certificates of deposit are insured by the Federal Deposit Insurance Corporation up to specified limits. The Organization's cash and cash equivalents typically include amounts in excess of these limits. A majority of the Organization's grants and contracts receivable are due from local government agencies and not considered a significant credit risk by management. A mix of accounts receivable from patients and third-party payors is summarized in *Note 4*.

The 4th Dimension Recovery Center

Notes to Consolidated Financial Statements - Continued

10. Contingency

Amounts received from government grants and contracts are subject to audit and potential adjustment by these agencies. It is management's belief that no material amounts will be required to be returned in the future.

11. Subsequent Events

Management has evaluated subsequent events through December 22, 2025, the date the consolidated financial statements were available for issue.