BerryDunn

LUND

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FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

and

FEDERAL REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

June 30, 2025 and 2024

With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lund Family Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lund Family Center, Inc. (Lund), which comprise the statement of financial position as of June 30, 2025 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2025 financial statements referred to above present fairly, in all material respects, the financial position of Lund as of June 30, 2025 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Lund as of and for the year ended June 30, 2024, were audited by Berry, Dunn, McNeil & Parker, LLC, whose report, dated November 21, 2024, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Trustees
Lund Family Center, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lund'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 Lund'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements:

1. Schedule of revenues and expenses - residential program; and
2. Schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards*, and related notes to the SEFA.

Board of Trustees
Lund Family Center, Inc.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 on our consideration of Lund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lund'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 Lund's internal control over financial reporting and compliance.

BDMP Assurance, LLP

Manchester, New Hampshire
December 17, 2025, except for our report on the SEFA, for which the date is January 21, 2026
Registration No. 192-0134133

LUND FAMILY CENTER, INC.

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	**$ 529,079**	$ 1,457,831
Accounts and grants receivable	**1,133,136**	1,216,071
Contributions receivable	**125,000**	186,250
Prepaid expenses and other assets	**106,306**	114,583
Total current assets	**1,893,521**	2,974,735
Property and equipment, net	**4,124,245**	4,281,543
Right-of-use (ROU) asset - operating	**1,435,063**	1,581,959
Note receivable	**466,008**	466,008
Assets limited as to use	**7,744,603**	6,014,160
Total assets	**$ 15,663,440**	$ 15,318,405
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	**$ 223,118**	$ 513,963
Current portion of operating lease obligation	**150,788**	134,255
Accounts payable and accrued expenses	**133,719**	304,305
Accrued salaries and benefits	**477,886**	405,762
Deferred revenue	**143,152**	-
Total current liabilities	**1,128,663**	1,358,285
Long-term debt, net	**1,645,032**	1,560,604
Lease obligation - operating, net	**1,344,240**	1,494,876
Total liabilities	**4,117,935**	4,413,765
Net assets		
Without donor restrictions	**9,434,885**	9,357,875
With donor restrictions	**2,110,620**	1,546,765
Total net assets	**11,545,505**	10,904,640
Total liabilities and net assets	**$ 15,663,440**	$ 15,318,405

The accompanying notes are an integral part of these financial statements.

LUND FAMILY CENTER, INC.

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Federal and state contracts and grants	**$ 9,440,381**	**$ -**	**$ 9,440,381**	$ 8,487,866	$ -	$ 8,487,866
Program service fees	**273,916**	**-**	**273,916**	340,340	-	340,340
Contributions and other grants	**1,515,259**	**125,000**	**1,640,259**	1,710,606	145,000	1,855,606
Miscellaneous	**58,883**	**-**	**58,883**	71,542	-	71,542
Net assets released from restrictions	**40,000**	**(40,000)**	**-**	125,000	(125,000)	-
Total revenues and support	**11,328,439**	**85,000**	**11,413,439**	10,735,354	20,000	10,755,354
Expenses						
Program services						
Adoption	**1,873,643**	**-**	**1,873,643**	1,656,132	-	1,656,132
Child and family services	**2,216,594**	**-**	**2,216,594**	1,792,878	-	1,792,878
Residential and community treatment	**4,836,251**	**-**	**4,836,251**	4,738,323	-	4,738,323
Total program services	**8,926,488**	**-**	**8,926,488**	8,187,333	-	8,187,333
Supporting services						
General and administrative	**2,176,014**	**-**	**2,176,014**	2,178,742	-	2,178,742
Fundraising and development	**471,292**	**-**	**471,292**	364,908	-	364,908
Total supporting services	**2,647,306**	**-**	**2,647,306**	2,543,650	-	2,543,650
Total expenses	**11,573,794**	**-**	**11,573,794**	10,730,983	-	10,730,983
Change in net assets from operations	**(245,355)**	**85,000**	**(160,355)**	4,371	20,000	24,371
Other gains						
Contributions for long-term purposes	**-**	**375,000**	**375,000**	-	-	-
Net investment return	**322,365**	**103,855**	**426,220**	362,082	131,304	493,386
Net other gains	**322,365**	**478,855**	**801,220**	362,082	131,304	493,386
Change in net assets	**77,010**	**563,855**	**640,865**	366,453	151,304	517,757
Net assets, beginning of year	**9,357,875**	**1,546,765**	**10,904,640**	8,991,422	1,395,461	10,386,883
Net assets, end of year	**$ 9,434,885**	**$ 2,110,620**	**$ 11,545,505**	$ 9,357,875	$ 1,546,765	$ 10,904,640

The accompanying notes are an integral part of these financial statements.

LUND FAMILY CENTER, INC.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Supporting Services			
	Adoption	Child and Family Services	Residential and Community Treatment	Total Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	Total
Expenses								
Salaries and wages	$ 1,221,441	$1,457,956	$2,971,054	$ 5,650,451	$ 1,223,900	$ 270,592	$1,494,492	$ 7,144,943
Payroll taxes and benefits	344,813	412,226	839,871	1,596,910	341,536	76,464	418,000	2,014,910
Audit and legal	-	-	-	-	89,671	-	89,671	89,671
Dues and fees	38,915	23,307	3,186	65,408	4,284	3,429	7,713	73,121
Equipment	4,424	3,699	33,323	41,446	1,998	131	2,129	43,575
Facilities	59,406	149,116	263,652	472,174	114,974	17,409	132,383	604,557
Insurance	4,063	10,792	36,544	51,399	29,369	1,194	30,563	81,962
Interest	79	2,512	76,905	79,496	3,302	23	3,325	82,821
Other expenses	6,089	179	423	6,691	8,712	3,637	12,349	19,040
Other professional fees	58,908	14,855	108,906	182,669	233,001	34,375	267,376	450,045
Participant assistance	37,093	66,636	56,656	160,385	752	955	1,707	162,092
Postage	6,219	380	816	7,415	1,398	6,576	7,974	15,389
Printing and advertising	-	1,492	-	1,492	1,852	30,730	32,582	34,074
Supplies	10,861	40,341	173,651	224,853	54,037	4,710	58,747	283,600
Telephone	9,303	4,052	11,339	24,694	37,327	532	37,859	62,553
Travel	68,114	13,876	47,599	129,589	13,323	19,385	32,708	162,297
Depreciation	3,915	15,175	212,326	231,416	16,578	1,150	17,728	249,144
Total expenses	$ 1,873,643	$2,216,594	$4,836,251	$ 8,926,488	$ 2,176,014	$ 471,292	$2,647,306	$ 11,573,794

The accompanying notes are an integral part of these financial statements.

LUND FAMILY CENTER, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services				Supporting Services			
	Adoption	Child and Family Services	Residential and Community Treatment	Total Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	Total
Expenses								
Salaries and wages	$ 1,086,398	$1,169,019	$2,884,860	$ 5,140,277	$ 1,178,497	$ 215,195	$1,393,692	$ 6,533,969
Payroll taxes and benefits	277,389	298,707	738,285	1,314,381	302,813	54,344	357,157	1,671,538
Audit and legal	1,096	7,960	-	9,056	132,777	-	132,777	141,833
Dues and fees	48,964	14,488	3,015	66,467	8,165	3,885	12,050	78,517
Equipment	13,108	2,474	17,728	33,310	2,132	259	2,391	35,701
Facilities	58,065	140,285	252,645	450,995	116,635	16,887	133,522	584,517
Insurance	4,392	11,318	38,539	54,249	30,724	1,277	32,001	86,250
Interest	-	3,029	83,957	86,986	3,475	-	3,475	90,461
Other expenses	5,542	163	982	6,687	19,325	2,287	21,612	28,299
Other professional fees	58,011	33,130	268,615	359,756	267,972	24,310	292,282	652,038
Participant assistance	27,707	42,793	55,441	125,941	-	1,098	1,098	127,039
Postage	6,703	44	393	7,140	879	2,249	3,128	10,268
Printing and advertising	100	-	491	591	1,037	34,740	35,777	36,368
Supplies	13,065	37,484	159,771	210,320	35,414	3,133	38,547	248,867
Telephone	7,287	2,305	6,454	16,046	44,387	522	44,909	60,955
Travel	44,286	13,872	28,761	86,919	15,488	3,553	19,041	105,960
Depreciation	4,019	15,807	198,386	218,212	19,022	1,169	20,191	238,403
Total expenses	$ 1,656,132	$1,792,878	$4,738,323	$ 8,187,333	$ 2,178,742	$ 364,908	$2,543,650	$ 10,730,983

The accompanying notes are an integral part of these financial statements.

LUND FAMILY CENTER, INC.

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	**$ 640,865**	$ 517,757
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**268,297**	244,262
Unrealized and realized gain on investments	**(229,149)**	(268,698)
Contributions restricted for long-term purposes	**(375,000)**	-
Change in ROU asset - operating, net of lease obligation - operating, net	**12,793**	16,948
Changes in operating assets and liabilities		
Accounts and grants receivable	**82,935**	(1,763)
Contributions receivable	**61,250**	(70,500)
Prepaid assets and other assets	**8,277**	(13,565)
Accounts payable and accrued expenses	**(170,586)**	120,627
Accrued salaries and benefits	**72,124**	54,745
Deferred revenue	**143,152**	(19,137)
Net cash provided by operating activities	**514,958**	580,676
Cash flows from investing activities		
Purchases of investments	**(7,500,353)**	(1,097,712)
Proceeds from sale of investments	**5,999,059**	690,657
Acquisition of property and equipment	**(104,226)**	(157,770)
Net cash used by investing activities	**(1,605,520)**	(564,825)
Cash flows from financing activities		
Receipt of contributions restricted for long-term purposes	**375,000**	-
Principal payments on long-term debt	**(213,190)**	(202,393)
Net cash provided (used) by financing activities	**161,810**	(202,393)
Net decrease in cash and cash equivalents	**(928,752)**	(186,542)
Cash and cash equivalents, beginning of year	**1,457,831**	1,644,373
Cash and cash equivalents, end of year	**$ 529,079**	$ 1,457,831

The accompanying notes are an integral part of these financial statements.

Organization

Lund Family Center, Inc. (Lund or the Organization) is a multi-program family service agency working primarily with pregnant and parenting teens and women, families with young children, adoptive families, birth parents, and adoptees, located in Burlington, Vermont. Lund's mission is to help children thrive by empowering families to break cycles of poverty, addiction, and abuse.

1. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting and Presentation

The financial statements of Lund have been prepared in accordance with U.S. GAAP, which requires Lund to report information regarding to its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Lund. These net assets may be used at the discretion of management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Lund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All contributions are considered to be available for operational use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year as received are reflected as net assets without donor restrictions in the accompanying financial statements.

Lund reports contributions of property or equipment as support without donor restrictions, unless a donor places explicit restriction on their use. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support and reclassified to net assets without donor restrictions when the assets are acquired and placed in service.

Unconditional contributions are recognized as contributions receivable at their net present value when pledged. At June 30, 2025 and 2024, all contributions receivable are expected to be collected within one year from the date of the statements of financial position.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding investments.

Lund has cash deposits in major financial institutions which may exceed federal depository insurance limits. Lund has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts after considering each category of receivable individually and estimates an allowance for credit losses according to the nature of the receivable. Allowances for credit losses are estimated from historical performance projected trends, creditworthiness and changes to payment terms and reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts and grants receivable. Based on management's assessment, no allowance for credit losses was required at June 30, 2025 and 2024. Accounts and grants receivable amounted to $1,133,136, $1,216,071, and $1,214,308 as of June 30, 2025, 2024, and 2023, respectively.

Note Receivable

The Organization has a note receivable due from a third party in the amount of $466,008 which is stated at the amount the Organization expects to collect. The entire principal balance of the note is due upon maturity in June 2032. The note bears interest at 6% annually and monthly payments of interest only are due on the first day of each month. The note receivable is secured by the joint and several personal guarantees of two principals from the third party. Management's evaluation of the adequacy of the allowance for credit loss for the note receivable is based on past experience, known inherent risks, and situations that may affect the third party. Based on management's assessment, no allowance for credit loss was required at June 30, 2025 and 2024.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at estimated fair value at date of donation in the case of gifts, less accumulated depreciation. Lund's policy is to capitalize assets greater than $5,000, while minor maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the following estimated lives as follows:

Furniture and equipment	5 - 10 years
Buildings and improvements	5 - 40 years
Vehicles	5 years

Leases

At the inception of an arrangement, the Organization determines if an arrangement is or contains a lease based on the unique facts and circumstances present in that arrangement. Lease classification, recognition, and measurement are then determined as of the lease commencement date. For arrangements that contain a lease, the Organization (i) identifies lease and non-lease components, (ii) determines the consideration in the contract, (iii) determines whether the lease is an operating or finance lease, and (iv) recognizes a lease ROU asset and lease obligation. Lease obligations and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable, and as such, the Organization uses its incremental borrowing rate based on the information available at the lease commencement date, a rate which represents one that would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in a similar economic environment.

Some leases include options to renew and/or terminate the lease, which can impact the lease term. The exercise of these options is at the Organization's discretion and the Organization does not include any of these options within the expected lease term where it is not reasonably certain that these options will be exercised.

Fixed, or in-substance fixed, lease payments on operating leases are recognized over the expected term of the lease on a straight-line basis. Variable lease expenses that are not considered fixed, or in-substance fixed, are recognized as incurred. Fixed and variable lease expense on operating leases is recognized within facilities expense in the statements of functional expenses. Finance lease ROU asset amortization and interest costs are recorded within depreciation and interest in the statements of functional expenses. The Organization has elected the short-term lease exemption and, therefore, does not recognize a ROU asset or corresponding lease obligation for lease arrangements with an original term of 12 months or less.

Revenue Recognition

Medicaid and client resources revenue is reported at the estimated net realizable amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client services. These amounts are due from third-party payors (including health insurers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills third-party payors several days after services are provided. Revenue is recognized as performance obligations are satisfied. It is the Organization's expectation that the period between the time the service is provided to a client and the time a third-party payor pays for that service will be one year or less.

Under the Organization's contractual arrangements with the Vermont Department of Health and Human Services (DHHS) and the State of Vermont Treasurer's Office (Treasurer's Office), the Organization provides services to clients for an agreed-upon fee. The Organization recognizes revenue for client services in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when services are provided. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when it is no longer required to provide services to that client, which is generally at the time of DHHS and the Treasurer's Office notification to the Organization. Total revenue recognized over time for the years ended June 30, 2025 and 2024 was $6,946,340 and $6,148,216, respectively. Revenue for performance obligations related to services around finalization of adoptions which are satisfied at a point in time are based upon the stated contract price for the agreed-upon performance obligation and were $448,067 and $459,577, respectively, for the years ended June 30, 2025 and 2024.

Each performance obligation is separately identifiable from other promises in the contract with the client and DHHS and the Treasurer's Office. As the performance obligations are met, revenue is recognized based upon allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative stand-alone selling price.

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(a), and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Investments and Assets Limited as to Use

Assets limited as to use consists of assets designated by the Board of Trustees or restricted by donors.

Lund reports investments and assets limited as to use at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Dividends, interest, and net realized and unrealized gains (losses) arising from investments are reported as follows:

- Increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be maintained with the corpus of a donor restricted endowment fund;
- Increases (decreases) in net assets with donor restrictions if the terms of the gift or state law imposes restrictions on the use of the allocated investment income; and
- Increases (decreases) in net assets without donor restrictions in all other cases.

Deferred Financing Costs

Financing costs are capitalized and amortized using the straight-line method over the term of the related long-term debt. These costs are included in long-term debt in the statements of financial position.

Functional Allocation of Expenses

Lund expenses are presented on a functional basis, showing basic program services and support services. Lund allocates expenses based on the organizational cost centers in which expenses are incurred. In certain instances, expenses are allocated between support functions and program services based on an analysis of personnel time and space utilized for the related services.

Income Taxes

Lund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income tax incurred by Lund for the years ended June 30, 2025 and 2024. Management has evaluated Lund's tax positions and concluded Lund has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to, or disclosure within, the accompanying financial statements.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, Lund has considered transactions or events occurring through December 17, 2025, which is the date the financial statements were available to be issued.

2. Availability and Liquidity of Financial Assets

Lund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize its available funds. Lund has various sources of liquidity at its disposal, including cash and cash equivalents and accounts and grants receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Lund considers all expenditures related to its ongoing operating activities as well as the conduct of services undertaken to support those operating activities.

In addition to financial assets available to meet general expenditures over the next 12 months, Lund operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings. Refer to the statements of cash flows, which identify the sources and uses of Lund's cash and cash equivalents.

The following financial assets are expected to be available within one year of the statements of financial position date to meet general expenditures as of June 30:

	2025	2024
Cash and cash equivalents	**$ 529,079**	$ 1,457,831
Accounts and grants receivable	**1,133,136**	1,216,071
Contributions receivable	**125,000**	186,250
Total current financial assets	**1,787,215**	2,860,152
Less net assets with donor restrictions temporary in nature - other restrictions	**(214,036)**	(129,036)
Financial assets available to meet general expenditure within one year	**$ 1,573,179**	$ 2,731,116

Cash and cash equivalents in the statements of financial position includes amounts that are donor restricted for specific purposes and thus are excluded from the above table.

Lund has long-term and short-term Board-designated investments (Note 4) that could be available upon approval by the Board of Trustees which are excluded from the table above. The long-term investments without donor-imposed restrictions are to act as endowment funds. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board of Trustees. Such assets are excluded from the table above.

LUND FAMILY CENTER, INC.

Notes to Financial Statements

June 30, 2025 and 2024

3. Property and Equipment

Property and equipment consisted of the following:

	2025	2024
Land	**$ 233,177**	$ 233,177
Buildings and improvements	**6,537,420**	6,537,420
Furniture and equipment	**364,780**	355,460
Vehicles	**221,715**	126,810
	7,357,092	7,252,867
Less accumulated depreciation	**3,232,847**	2,971,324
Property and equipment, net	**$ 4,124,245**	$ 4,281,543

4. Assets Limited as to Use

Assets limited as to use, stated at fair value, consisted of the following:

	2025	2024
Cash and cash equivalents	**$ 283,277**	$ 70,905
U.S. Treasury notes	**1,637,258**	291,202
Certificates of deposit	**1,382,165**	180,000
Equities	**1,922,223**	1,539,853
Mutual funds	**1,768,792**	3,616,134
Fixed income	**750,888**	316,066
	$ 7,744,603	$ 6,014,160

The composition of assets limited as to use consisted of the following:

	2025	2024
Designated by the Board of Trustees		
Short-term investment	**$ 4,378,962**	$ 3,513,057
Long-term investment	**1,469,057**	1,083,374
Funds with donor restrictions		
Long-term investment	**1,896,584**	1,417,729
	$ 7,744,603	$ 6,014,160

Lund's investments are subject to various risks, such as interest rate, credit, and overall market volatility, which may substantially impact the values of investments at any given time.

5. Fair Value Measurement

FASB ASC Topic 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants and also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy within ASC Topic 820 distinguishes three levels of inputs that may be utilized when measuring fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. Lund did not have any Level 3 assets or liabilities as of June 30, 2025 and 2024.

Assets measured at fair value on a recurring basis as of June 30, 2025 are summarized below:

	Level 1	**Level 2**	**Total**
Assets Whose Use is Limited			
Cash and cash equivalents	**$ 283,277**	**$ -**	**$ 283,277**
U.S. Treasury notes	**1,637,258**	**-**	**1,637,258**
Certificates of deposit	**1,382,165**	**-**	**1,382,165**
Equities	**1,922,223**	**-**	**1,922,223**
Mutual funds	**1,768,792**	**-**	**1,768,792**
Fixed income	**-**	**750,888**	**750,888**
Total investments	**$ 6,993,715**	**$ 750,888**	**$ 7,744,603**

Assets measured at fair value on a recurring basis as of June 30, 2024 are summarized below:

	Level 1	Level 2	Total
Assets Whose Use is Limited			
Cash and cash equivalents	$ 70,905	$ -	$ 70,905
U.S. Treasury notes	291,202	-	291,202
Certificates of deposit	180,000	-	180,000
Equities	1,539,853	-	1,539,853
Mutual funds	3,616,134	-	3,616,134
Fixed income	-	316,066	316,066
Total investments	$ 5,698,094	$ 316,066	$ 6,014,160

The fair value for Level 2 assets is primarily based on market prices of comparable or underlying securities, interest rates, and credit risk using the market approach for Lund's investments.

6. Sale-leaseback, ROU Asset, and Lease Obligation

On June 9, 2022, Lund executed a purchase and sale agreement with a third party to sell the property at 50 Joy Drive in South Burlington, Vermont and Lund leases the property back from the buyer. As part of the agreement, Lund financed $466,008 and has recorded a note receivable on the statements of financial position, which represents the amount due from the third party in June 2032.

In June 2022, the Organization entered into an operating lease for space in South Burlington, Vermont. The lease calls for monthly payments ranging from $20,667 to $24,699 through June 2032. Upon expiration of the initial lease term, the lease will automatically extend for consecutive one-year terms unless Lund submits a written notice of termination. Lund has not considered the lease extensions in determining the ROU asset and lease obligation. Interest has been imputed on the operating lease at 8% annually calculated monthly. As of the years ended June 30, 2025 and 2024, the weighted average remaining lease term is 7 years and 8 years, respectively. The weighted average discount rate at June 30, 2025 and 2024 was 8%. Total operating leases costs for the years ended June 30, 2025 and 2024 were $312,629 and $307,085, respectively, and are included within facilities in the statements of functional expenses. Cash paid for operating leases were $258,019 and $252,960, respectively, for the years ended June 30, 2025 and 2024.

The future maturities of the lease obligation is as follows:

2026	$ 263,180
2027	268,443
2028	273,812
2029	279,288
2030	284,874
Thereafter	586,954
	1,956,551
Less imputed interest expense	(461,523)
Lease obligation - operating	$ 1,495,028

7. Long-Term Debt

Lund had the following long-term debt:

	2025	2024
Vermont Economic Development Authority (VEDA) Series 2007D bonds held by TD Bank; payable in monthly principal and interest installments of $5,668, due April 2025. Interest is based on a variable rate of 69% of the total of the Federal Home Loan Bank of Boston (FHLBB) Five Year Advance Rate plus 2.175% (5.02% at June 30, 2025). During 2025, Lund exercised their option to extend the bonds for one additional five-year term, through April 2030; collateralized by specific real estate.	**$ 300,773**	$ 355,988
VEDA Series 2007E bonds held by TD Bank; payable in monthly installments ranging from $9,612 to $20,876 through May 2033. The bonds bear a variable interest rate at 69% of the total of the FHLBB Five Year Advance Rate plus 2.175% (4.199% at June 30, 2025); collateralized by specific real estate.	**1,560,893**	1,712,538
Note payable to Toyota Motor Credit Corporation, payable in monthly installments totaling $551, including interest at 2.9%, through June 2026.	**6,484**	12,814
	1,868,150	2,081,340
Less current portion	**223,118**	513,963
Less unamortized deferred financing costs	**-**	6,773
Long-term debt, net	**$ 1,645,032**	$ 1,560,604

Maturities of long-term debt are as follows:

2026	$ 223,118
2027	229,768
2028	243,701
2029	258,494
2030	268,430
Thereafter	644,639
Total	$ 1,868,150

Interest expense charged to operations, including amortization of deferred financing costs, was $82,821 and $90,461 during the years ended June 30, 2025 and 2024, respectively. Cash paid for interest approximated interest expense in 2025 and 2024.

8. Net Assets

Net assets without donor restrictions were as follows:

	2025	2024
Undesignated	**$ 3,586,866**	$ 4,761,444
Short-term Board-designated funds	**4,378,962**	3,513,057
Board-designated endowment funds	**1,469,057**	1,083,374
	$ 9,434,885	$ 9,357,875

Net assets with donor restrictions were as follows:

	2025	2024
Funds maintained in perpetuity:		
Income to support general operations	**$ 1,399,337**	$ 1,024,337
Funds maintained with donor restrictions temporary in nature:		
Accumulated earnings on funds maintained in perpetuity	**497,247**	393,392
Other restrictions		
Technology	**19,713**	19,713
Adoption	**154,323**	29,323
Clinical treatment program	**40,000**	80,000
Total funds maintained with donor restrictions temporary in nature	**711,283**	522,428
Total net assets with donor restrictions	**$ 2,110,620**	$ 1,546,765

9. Endowment

Lund's endowment primarily consists of funds established for certain programs provided by Lund. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Lund has interpreted the State of Vermont Uniform Prudent Management of Institutional Funds Act (the Act) as allowing Lund to spend or accumulate the amount of an endowment fund that Lund determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. As a result of this interpretation, Lund has included in net assets with perpetual donor restrictions (1) the original value of gifts donated to be maintained in perpetuity, (2) the original value of subsequent gifts to be maintained in perpetuity, and (3) the accumulation to the gifts to be maintained in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the donor-restricted endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' contributed value, that excess is included in net assets with donor restrictions until appropriated by the Board of Trustees and, if applicable, expended in accordance with the donors' restrictions. Funds designated by the Board of Trustees to function as endowments are classified as net assets without donor restrictions.

In accordance with the Act, Lund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund,
(2) The purposes of Lund and the donor-restricted endowment fund,
(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) Other resources of Lund, and
(7) The investment policies of Lund.

Return Objectives and Risk Parameters

Lund has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to maintain 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, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of accumulated interest and dividend income to be reinvested or used as needed, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to reduce the exposure of the fund to unacceptable levels of risk.

Spending Policy

Lund and its Board of Trustees implemented a policy to forgo appropriations from its endowment funds with a goal to grow the endowment to a level of $3,000,000. At that point, the Board of Trustees is to evaluate the feasibility and amount of any regular appropriations to be taken. Any appropriations of Board-designated endowment funds are approved by the Board of Trustees.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires Lund to retain as a fund of perpetual duration. Deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor-imposed restrictions to be maintained in perpetuity and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Lund has a policy that permits spending from underwater endowment funds, unless specifically prohibited by the donor or relevant laws and regulations. Any deficiencies are reported in net assets with donor restrictions. There were no deficiencies of this nature as of June 30, 2025 and 2024.

Endowment Composition and Changes in Endowment

The endowment net asset composition by type of fund as of June 30, 2025 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,896,584	$ 1,896,584
Board-designated endowment funds	1,469,057	-	1,469,057
	$ 1,469,057	$ 1,896,584	$ 3,365,641

The changes in endowment net assets for the year ended June 30, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ 1,083,374	$ 1,417,729	$ 2,501,103
Contributions	234,740	375,000	609,740
Investment return	150,943	103,855	254,798
Endowment net assets, June 30, 2025	$ 1,469,057	$ 1,896,584	$ 3,365,641

The endowment net asset composition by type of fund as of June 30, 2024 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,417,729	$ 1,417,729
Board-designated endowment funds	1,083,374	-	1,083,374
	$ 1,083,374	$ 1,417,729	$ 2,501,103

The changes in endowment net assets for the year ended June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 911,156	$ 1,286,425	$ 2,197,581
Contributions	8,177	-	8,177
Transfer to undesignated net assets	(5,355)	-	(5,355)
Investment return	169,396	131,304	300,700
Endowment net assets, June 30, 2024	$ 1,083,374	$ 1,417,729	$ 2,501,103

10. Significant Concentration

Lund's primary revenue sources are contracts with the State of Vermont and funding by federal and state grants, which collectively account for approximately 83% and 79% of total revenue and support for the years ended June 30, 2025 and 2024, respectively.

11. Retirement Plans

Lund sponsors a tax-sheltered defined contribution annuity plan (the Plan) under the provisions of Section 403(b) of the Internal Revenue Code. The Plan covers substantially all employees who meet certain minimum eligibility requirements. Beginning July 1, 2024, the Plan will match 100% of the participant contributions made to the Plan up to the first 3% of the employee contribution. During 2024, Lund matched 100% of the first 1% and contributed an additional 1% to the Plan on a discretionary basis. During the years ended June 30, 2025 and 2024, total contributions to the Plan were $112,275 and $60,455, respectively.

12. Pandemic Relief Funding

During 2024, Lund applied for the Employee Retention Tax Credit (ERTC) based on eligible compensation and qualifying expenses paid during the first, second and third quarters of 2021. Lund is expecting to receive approximately $2,569,000 for all three quarters and the Internal Revenue Service (IRS) notification date will dictate when the tax credit refund is recognized as revenue. In August 2025 and November 2025, Lund was notified by the IRS for quarter one and quarter two of 2021, respectively and revenue of $857,396 and $849,902, respectively, and interest of $140,999 and $149,677, respectively will be recognized in fiscal year 2026. The credits received are subject to audit by the IRS for up to six years from the date of the credit filing.

13. Litigation

The Organization is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without a material adverse effect on the Organization's future financial position or results of operations.

SUPPLEMENTARY INFORMATION

LUND FAMILY CENTER, INC.

Schedule of Revenues and Expenses - Residential Program

Year Ended June 30, 2025

Revenues	
Federal and state contracts and grants	$ 3,406,078
Extraordinary financial relief*	649,000
Miscellaneous	2,890
	4,057,968
Expenses	
Salaries and wages	2,153,876
Payroll taxes and benefits	609,426
Supplies	155,771
Participant assistance	45,866
Facilities	561,440
Travel	32,754
Equipment	4,575
Telephone	3,379
Staff development and training	3,429
Other professional fees	86,653
Postage	507
Agency costs	820,345
Other expenses	130
	4,478,151
	$ (420,183)

* Extraordinary financial relief was recognized in 2025 for the 7 month period from July 2024 to January 2025.

SUPPLEMENTARY INFORMATION
AND
FEDERAL REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND THE UNIFORM GUIDANCE

LUND FAMILY CENTER, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Identifying Number	Federal Expenditures
United States Department of Agriculture:			
Pass-through:			
Vermont Agency of Agriculture, Food & Markets:			
Child and Adult Care Food Program	10.558	R114(c)	$ 40,718
United States Department of Housing and Urban Development:			
Pass-through:			
City of Burlington:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	24,890
United States Department of Health and Human Services:			
Pass-through:			
Vermont Department of Health:			
Maternal and Child Health Federal Consolidated Programs	93.110	03420-10213	9,323
Maternal and Child Health Federal Consolidated Programs	93.110	03420-10445	20,702
Total AL 93.110			30,025
Injury Prevention and Control Research and State and Community Based Programs	93.136	03420-10380	20,322
Every Student Succeeds Act/Preschool Development Grants	93.434	VECF-F23OG-011	56,909
Every Student Succeeds Act/Preschool Development Grants	93.434	03150-C1802	14,006
Every Student Succeeds Act/Preschool Development Grants	93.434	03440-33931-24	5,200
Every Student Succeeds Act/Preschool Development Grants	93.434	03440-34001-25	17,097
Every Student Succeeds Act/Preschool Development Grants	93.434	03440-34025-25	7,224
Total AL 93.434			100,436

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

LUND FAMILY CENTER, INC.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Identifying Number	Federal Expenditures
Marylee Allen Promoting Safe and Stable Families Program	93.556	03440-28466-24	26,109
Marylee Allen Promoting Safe and Stable Families Program	93.556	03440-28466-25	90,938
Marylee Allen Promoting Safe and Stable Families Program	93.556	03440-28517-26	7,500
Total AL 93.556			124,547
Child Care and Development Block Grant	93.575	03440-33931-24	5,212
Community-based Child Abuse Prevention Grants	93.590	03440-34219-25-LUND	11,667
Family Violence Prevention and Services/Discretionary	93.592	N/A	39,082
Grants to States for Access and Visitation Programs	93.597	03440-28489-25	8,200
Adoption and Legal Guardianship Incentive Payments Program	93.603	03440-28466-24	5,145
Adoption and Legal Guardianship Incentive Payments Program	93.603	03440-28466-25	17,641
Total AL 93.603			22,786
Foster Care Title IV-E	93.658	03440-28466-24	2,920
Foster Care Title IV-E	93.658	03440-28466-25	10,013
Total AL 93.658			12,933
Adoption Assistance	93.659	03440-28466-24	47,674
Adoption Assistance	93.659	03440-28466-25	163,471
Total AL 93.659			211,145
Medicaid Cluster:			
Medical Assistance Program	93.778	03440-39047-23	19,141
Medical Assistance Program	93.778	03440-34219-25-LUND	28,369
Medical Assistance Program	93.778	03420-10399	72,287
Medical Assistance Program	93.778	03420-10213	4,929
Medical Assistance Program	93.778	03420-10445	2,023
Total AL 93.778 and total Medicaid Cluster			126,749

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

LUND FAMILY CENTER, INC.

Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Identifying Number	Federal Expenditures
Block Grants for Prevention and Treatment of Substance Abuse	93.959	03420-10235	29,567
Total United States Department of Health and Human Services			742,671
Total Expenditures of Federal Awards			$ 808,279

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lund Family Center, Inc. (Lund) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lund, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Lund.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

Lund has elected not to use the 10% de minimis indirect cost rate.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Lund Family Center, Inc.

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lund Family Center, Inc. (Lund), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lund's internal control. Accordingly, we do not express an opinion on the effectiveness of Lund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Lund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
Lund Family Center, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDMP Assurance, LLP

Manchester, New Hampshire
December 17, 2025
Registration No. 192-0134133

BerryDunn
BDMP Assurance, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Lund Family Center, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lund Family Center, Inc.'s (Lund) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on Lund's major federal programs for the year ended June 30, 2025. Lund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lund and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Lund's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lund's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lund's compliance based on our audit. 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 U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lund's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lund's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lund's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Trustees
Lund Family Center, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above, however, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDMP Assurance, LLP

Manchester, New Hampshire
January 21, 2026
Registration No. 192-0134133

LUND FAMILY CENTER, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I. - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ yes	X none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ yes	X no

Identification of major programs:

AL Numbers	Name of Federal Program or Cluster
93.659	Adoption Assistance
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ yes	X no

Section II. - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*

None noted

Section III. - Findings and Questioned Costs for Federal Awards

None noted

LUND FAMILY CENTER, INC.

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

None applicable