Fiorita Kornhaas & Company, PC
Certified Public Accountants and Advisors

FOCUS

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

FINANCIAL STATEMENTS

For the Years Ended
May 31, 2026 and 2025

With Independent Auditor's Report

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MAY 31, 2026 AND 2025:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-18

Fiorita Kornhaas & Company, PC
Certified Public Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Fellowship of Christians in Universities and Schools, Inc.

Opinion

We have audited the accompanying financial statements of Fellowship of Christians in Universities and Schools, Inc. (a Connecticut nonprofit organization), which comprise the statement of financial position as of May 31, 2026, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fellowship of Christians in Universities and Schools, Inc. as of May 31, 2026, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Accounting Change

As described in Note 2 to the financial statements, management has changed the method of accounting for investment in real estate. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fellowship of Christians in Universities and Schools, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fellowship of Christians in Universities and Schools, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Fellowship of Christians in Universities and Schools, Inc.'s 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Fiorita, Kornhaas & Company, P.C.
Certified Public Accountants

Danbury, Connecticut
October 21, 2026

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

Statements of Financial Position

As of May 31, 2026 and 2025

Assets	2026	2025
Current assets		
Cash and cash equivalents	$ 2,798,982	$ 3,149,876
Current portion promises to give	28,798	500
Program registration receivable	9,463	-
Prepaid expenses and other assets	182,805	149,767
Total current assets	3,020,048	3,300,143
Other assets		
Investments in securities	14,279,485	14,158,348
Investments in real estate	-	1,905,811
Promises to give, less current portion	9,417	-
Property, furniture and equipment, net	6,884,830	1,967,330
Right of use asset	75,491	110,117
Total assets	$ 24,269,271	$ 21,441,749
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 176,191	$ 107,847
Deferred revenue for program revenue	821,411	786,042
Deferred revenue for special events	-	270,490
Current portion of note payable	-	4,490
Current portion of lease liability	37,529	37,529
Total current liabilities	1,035,131	1,206,398
Long-term liabilities		
Note payable, less current portion	-	20,975
Lease liability, less current portion	38,290	73,044
Total liabilities	1,073,421	1,300,417
Net assets		
Net assets without donor restrictions	19,525,729	16,590,885
Net assets with donor restrictions	3,670,121	3,550,447
Total net assets	23,195,850	20,141,332
Total liabilities and net assets	$ 24,269,271	$ 21,441,749

See independent auditor's report and accompanying notes.

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

Statements of Activities

For the Year Ended May 31, 2026
(With Summarized Financial Information for 2025)

	Without Donor Restrictions	With Donor Restrictions	2026 Totals	2025 Totals
Revenues				
Contributions				
Cash and other financial assets	$ 2,646,267	$ 4,242,946	$ 6,889,213	$ 7,254,941
In-kind	18,425	-	18,425	-
Program revenue	966,650	-	966,650	761,175
Special events	276,490	-	276,490	-
Other income	6,592	19,980	26,572	21,242
Investment return, net	1,088,411	-	1,088,411	1,012,225
Total revenues	5,002,835	4,262,926	9,265,761	9,049,583
Net assets released from restrictions	4,143,252	(4,143,252)	-	-
Total revenues and net assets released	9,146,087	119,674	9,265,761	9,049,583
Expenses				
Program services	5,037,852	-	5,037,852	4,605,631
Management and general	680,202	-	680,202	737,274
Development and fundraising	493,189	-	493,189	356,426
Total expenses	6,211,243	-	6,211,243	5,699,331
Change in net assets	2,934,844	119,674	3,054,518	3,350,252
Net assets, beginning of year	16,590,885	3,550,447	20,141,332	16,791,080
Net assets, end of year	$ 19,525,729	$ 3,670,121	$ 23,195,850	$ 20,141,332

See independent auditor's report and accompanying notes.

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

Statements of Functional Expenses

For the Years Ended May 31, 2026 and 2025

	2026				2025			
	Program Services	Management and General	Development and Fundraising	Total	Program Services	Management and General	Development and Fundraising	Total
Personnel								
Salaries and wages	$ 2,132,853	$ 351,403	$ 247,799	$ 2,732,055	$ 1,996,848	$ 335,969	$ 237,980	$ 2,570,797
Payroll taxes	187,406	28,242	20,765	236,413	180,474	28,088	20,602	229,164
Other employee benefits	447,892	104,377	50,159	602,428	342,623	127,860	31,871	502,354
Pension	67,239	17,300	6,796	91,335	60,775	16,170	7,236	84,181
Staff development	66,492	4,148	2,736	73,376	44,515	3,972	1,513	50,000
Total personnel expenses	2,901,882	505,470	328,255	3,735,607	2,625,235	512,059	299,202	3,436,496
Area and programs								
Camps and conferences	685,594	1,234	84,693	771,521	610,732	1,275	202	612,209
Travel	265,998	6,168	6,418	278,584	320,078	6,062	4,191	330,331
Meals	208,418	1,327	1,059	210,804	196,799	1,840	849	199,488
Scholarships	78,456	-	-	78,456	81,822	-	-	81,822
Total area and program expenses	1,238,466	8,729	92,170	1,339,365	1,209,431	9,177	5,242	1,223,850
Operations								
Occupancy	303,949	41,363	96	345,408	300,002	40,137	-	340,139
Professional fees	74,605	66,885	914	142,404	49,959	111,696	2,824	164,479
Depreciation	179,209	-	-	179,209	118,364	-	-	118,364
Bank charges and service fees	60,682	8,098	2,532	71,312	52,303	7,648	5,946	65,897
Insurance	71,175	1,015	1,014	73,204	78,079	1,258	1,258	80,595
Equipment rental and maintenance	33,307	32,479	10,297	76,083	24,291	33,315	16,491	74,097
Fundraising	-	-	53,116	53,116	-	-	13,407	13,407
Conferences and meetings	17,165	4,940	2,436	24,541	22,038	4,709	2,727	29,474
Supplies	76,471	3,351	296	80,118	65,557	5,482	1,669	72,708
Printing and copying	28,020	1,478	21	29,519	23,149	4,304	5,272	32,725
Postage and mailing	7,127	1,165	1,134	9,426	6,652	2,102	1,555	10,309
Telephone and internet	26,472	5,072	908	32,452	30,181	4,345	833	35,359
Miscellaneous	19,322	157	-	19,479	390	1,042	-	1,432
Total operations expenses	897,504	166,003	72,764	1,136,271	770,965	216,038	51,982	1,038,985
Total expenses	$ 5,037,852	$ 680,202	$ 493,189	$ 6,211,243	$ 4,605,631	$ 737,274	$ 356,426	$ 5,699,331

See independent auditor's report and accompanying notes.

FELLOWSHIP OF CHRISTIANS IN UNIVERSITIES AND SCHOOLS, INC.

Statements of Cash Flows

For the Years Ended May 31, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 3,054,518	$ 3,350,252
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	179,209	118,364
Net realized and unrealized gain on investments	(1,891,229)	(645,828)
Unrealized loss on investment in real estate	1,215,350	32,539
Net gain on disposal of equipment	-	(1,623)
Net amortization of lease asset and liability	(128)	213
Changes in:		
Promises to give	(37,715)	60,900
Program registration receivable	(9,463)	-
Prepaid expenses and other assets	(33,038)	81,831
Accounts payable and accrued expenses	68,344	(48,297)
Deferred revenue for program registrations	35,369	208,703
Deferred revenue for special events	(270,490)	270,490
Net cash provided by operating activities	2,310,727	3,427,544
Cash flows from investing activities		
Proceeds from sale of investments	4,134,508	3,321,989
Purchase of investments	(4,145,330)	(3,744,885)
Cash received from sale of equipment	-	5,623
Purchases of property, furniture and equipment	(4,406,248)	(103,564)
Net cash used in investing activities	(4,417,070)	(520,837)
Cash flows from financing activities		
Payments made on note payable	(25,465)	(4,168)
Net cash used in financing activities	(25,465)	(4,168)
Net (decrease) increase in cash and cash equivalents	(2,131,808)	2,902,539
Cash and cash equivalents, beginning of year	5,015,362	2,112,823
Cash and cash equivalents, end of year	$ 2,883,554	$ 5,015,362
Reconciliation of cash and cash equivalents to statements of financial position:		
Cash and cash equivalents	$ 2,798,982	$ 3,149,876
Cash and cash equivalents included in investments	84,572	1,865,486
	$ 2,883,554	$ 5,015,362

See independent auditor's report and accompanying notes.

Note 1: NATURE OF ACTIVITIES

Fellowship of Christians in Universities and Schools, Inc. (FOCUS) is a Connecticut nonstock, nonprofit corporation. FOCUS is a diverse community of students, alumni, parents, faculty, clergy, and professionals from a variety of Christian denominations drawn together by a common faith for the purpose of conveying the traditional Christian message to students in universities and independent schools throughout the United States. FOCUS' support primarily comes from donor contributions and program revenues.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of FOCUS have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and, accordingly, recognizes revenue when earned and expenses when incurred and reflects all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of FOCUS have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires reporting of information regarding 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 or designated for any purpose in performing the primary objectives of FOCUS. 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. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include those used in determining the fair value of investments in real estate and the allowance for uncollectible promises to give.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions are recognized 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 condition on which they depend has been met. Contributions receivable that are expected to be collected in more than one year are discounted to their present value.

FOCUS reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from donor restrictions.

FOCUS recognizes program revenue in the year the program takes place. Any revenue received during the fiscal year for a program that has not taken place is considered deferred revenue. Rental income is recognized in the month that it is earned. Any rent received in advance of the month that it is earned is considered deferred revenue. FOCUS records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. While many individuals volunteer their time, and perform a variety of tasks that assist FOCUS, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Cash and Cash Equivalents

Cash equivalents are considered to be all highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Concentration of Credit Risk

FOCUS maintains deposits in federally insured institutions which, at times, can be in excess of the federally insured limits. Management, however, believes FOCUS is not exposed to significant credit risk due to the high credit quality of the depository institutions in which those deposits are held. FOCUS has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. Accounting principals generally accepted in the United States of America establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). FOCUS groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

There have been no changes in the methodologies used as of May 31, 2026 and 2025.

Property, Furniture and Equipment

Property, furniture and equipment acquisitions and improvements thereon that exceed $5,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives of 5 to 40 years. Repairs and maintenance are charged to expense as incurred.

Reclassifications

In preparing these financial statements, certain amounts in the prior year have been reclassified for comparative purposes to conform with the presentation in the current year’s financial statements. These reclassifications have no effect on previously reported change in net assets.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Policy

Management of FOCUS has determined two properties previously included in investments in real estate should be included in property, furniture and equipment. The assets were transferred to investments in real estate effective June 1, 2008, and had previously been in property, furniture and equipment from the time of acquisition. Although the assets could be sold, they have historically been offered to staff for housing. The accounting change has been reflected as of June 1, 2025 with the following cumulative effect:

Statement of Financial Position	May 31, 2025	Effect Increase (Decrease)	June 1, 2025
Other assets			
Investment in real estate	$ 1,905,811	$ (1,905,811)	$ -
Property, furniture and equipment, net	$ 1,967,330	$ 690,416	$ 2,657,746
Net assets			
Net assets without donor restrictions	$ 16,590,885	$ (1,215,395)	$ 15,375,490
Statement of Activities			
Investment return, net	$ -	$ (1,215,395)	$ (1,215,395)

Investments in real estate consisted of the following as of May 31, 2025:

	Greenwich House	New York City Apartment	Total
Original cost plus improvements	$ 346,500	$ 541,690	$ 888,190
Accumulated depreciation as of May 31, 2008	(118,178)	(79,551)	(197,729)
Accumulated unrealized gain as of May 31, 2025	714,989	500,361	1,215,350
	$ 943,311	$ 962,500	$ 1,905,811

See Note 6 for further information as to how investments in real estate was valued as of May 31, 2025.

Tax Exempt Status

FOCUS is currently exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is presented in these financial statements. FOCUS has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. FOCUS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include personnel expenses, area and program expenses, and operations expenses. These expenses are allocated on the basis of time and effort spent on the applicable functions and are determined by FOCUS management.

Prior Year Summarized Financial Information

The financial statements include prior year summarized financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with FOCUS' audited financial statements as of the year ended May 31, 2025, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through October 21, 2026, the date the financial statements were available to be issued. Through that date, there were no other material events that would require recognition or additional disclosure in the financial statements.

Note 3: AVAILABILITY AND LIQUIDITY

The following represents FOCUS' financial assets as of May 31, 2026 and 2025:

	2026	2025
Cash and cash equivalents	$ 2,798,982	$ 3,149,876
Investments in securities	14,279,485	14,158,348
Promises to give due within one-year	28,798	500
Total financial assets	17,107,265	17,308,724
Less: amounts not available to be used for general expenditures:		
Board designated endowment funds	(4,845,607)	(4,845,607)
Donor designated endowment funds	(1,100,000)	(1,100,000)
Net assets with purpose and time restrictions	(2,570,121)	(2,450,447)
Financial assets available to meet general expenditures over the next twelve months	$ 8,591,537	$ 8,912,670

FOCUS maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, FOCUS operates with a balanced budget and anticipates sufficient revenue to cover general expenditures.

Note 4: PROMISES TO GIVE

Promises to give consist of the following as of May 31, 2026 and 2025:

	2026	2025
Unrestricted promises to give	$ -	$ 500
Promises to give restricted to area funds	40,262	-
Gross unconditional promises to give	40,262	500
Less: unamortized discount	(2,047)	-
Net unconditional promises to give	$ 38,215	$ 500
Amounts due in:		
Less than one year	$ 28,798	$ 500
One to five years	9,417	-
	$ 38,215	$ 500

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate which range from 3.72% to 4.10%.

Note 5: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities as of May 31, 2026 and 2025:

	2026	2025
Cash and equivalents	$ 84,572	$ 1,865,486
Stocks and exchange-traded funds	9,327,665	7,460,585
Mutual funds	4,867,248	4,832,277
Total investments	$ 14,279,485	$ 14,158,348

As of May 31, 2026 and 2025, all investments in securities were considered Level 1 investments. These items are valued at the closing price reported in the active market in which the individual securities are traded.

The following schedule summarizes investment returns for the years ended May 31, 2026 and 2025, and includes unrealized losses on investments in real estate:

	2026	2025
Interest and dividends	$ 391,834	$ 398,936
Realized gain (loss) on investments in securities	20,698	(5,150)
Unrealized gain on investments in securities	1,891,229	673,941
Unrealized loss on investments in real estate	(1,215,350)	(55,502)
	$ 1,088,411	$ 1,012,225

Note 6: INVESTMENTS IN REAL ESTATE

The following is a summary of investments in real estate as of May 31, 2025:

	2025
Single family home, Greenwich, CT	$ 943,311
Apartment, New York, NY	962,500
Total investments	$ 1,905,811

As of May 31, 2025 all investments in real estate were considered Level 3 investments. Real estate is valued based on estimates from independent real estate professionals using market values of similar area properties discounted by 12.5% for current market conditions and uncertainty.

Due to a change in accounting policy, the real estate holdings above were moved to property, furniture and equipment effective June 1, 2025. See Note 2 change in accounting policy.

Note 7: PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consist of the following as of May 31, 2026 and 2025:

	2026	2025
Land	$ 3,027,716	$ 812,791
Land improvements	113,170	113,170
Buildings and improvements	6,329,332	3,253,778
Furniture, fixtures and equipment	282,932	282,932
Vehicles	146,994	133,829
Construction in progress	-	9,207
	9,900,144	4,605,707
Less: accumulated depreciation	(3,015,314)	(2,638,377)
	$ 6,884,830	$ 1,967,330

Depreciation expense of $179,209 and $118,364 was recorded for the years ended May 31, 2026 and 2025, respectively. Depreciation will be recorded on construction in progress when the assets are placed in service. During the year ended May 31, 2026, FOCUS purchased a property on Martha's Vineyard for $4,250,000.

Note 8: NOTE PAYABLE

In May 2023, FOCUS entered into a note payable for equipment used at the Study Center. The loan is to be repaid in 84 monthly installments of $496 beginning June 2023. Interest is payable at the rate of 6.24% per annum. The equipment is security on the note payable. The loan was paid off in November 2025.

Note 9: NET ASSETS WITHOUT DONOR RESTRICTIONS

Unrestricted net assets comprise the following as of May 31, 2026 and 2025:

	2026	2025
Available for operations	$ 14,680,122	$ 11,745,278
Board designated endowment	4,845,607	4,845,607
	$ 19,525,729	$ 16,590,885

Note 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of May 31, 2026 and 2025:

	2026	2025
To be invested in perpetuity		
Income unrestricted	$ 1,100,000	$ 1,100,000
Net assets restricted in perpetuity	1,100,000	1,100,000
To be released for specific purpose		
Regional support	2,475,189	2,157,155
Acquisition of property	-	100,005
Founder's fund	-	110,717
Scholarship	94,932	82,570
Net assets restricted for specific purpose	2,570,121	2,450,447
Total nets assets with donor restrictions	$ 3,670,121	$ 3,550,447

Net assets were released from donor restrictions by incurring expenses satisfying the following purpose restrictions for the years ended May 31, 2026 and 2025:

	2026	2025
Regional support	$ 3,867,726	$ 3,465,811
Acquisition of property	100,005	-
Founder's fund	110,717	10,000
Scholarship	64,804	81,826
Total nets assets with donor restrictions	$ 4,143,252	$ 3,557,637

Note 11: ENDOWMENT

FOCUS' endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, 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 - The Board of Trustees of FOCUS has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, FOCUS classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets to be released for specific purpose until those amounts are appropriated for expenditure by FOCUS in a manner consistent with the standard of prudence prescribed by CTPMIFA.

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

(a) The duration and preservation of the fund
(b) The purposes of the organization and the donor-restricted endowment fund
(c) The investment policies of the organization
(d) General economic conditions
(e) The possible effect of inflation and deflation
(f) The expected total return from income and the appreciation of investments
(g) Other resources of the organization

Endowment Net Asset Composition as of May 31, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 4,845,607	$ -	$ 4,845,607
Donor-restricted endowment funds	-	1,100,000	1,100,000
	$ 4,845,607	$ 1,100,000	$ 5,945,607

Note 11: ENDOWMENT (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2026:	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,845,607	$ 1,100,000	$ 5,945,607
Contributions	-	-	-
Endowment net assets, end of year	$ 4,845,607	$ 1,100,000	$ 5,945,607

Endowment Net Asset Composition as of May 31, 2025:			
Board-designated endowment funds	$ 4,845,607	$ -	$ 4,845,607
Donor-restricted endowment funds	-	1,100,000	1,100,000
	$ 4,845,607	$ 1,100,000	$ 5,945,607

Changes in Endowment Net Assets for the Fiscal Year Ended May 31, 2025:			
Endowment net assets, beginning of year	$ 4,851,606	$ 1,100,000	$ 5,951,606
Pledge write-off	(5,999)	-	(5,999)
Endowment net assets, end of year	$ 4,845,607	$ 1,100,000	$ 5,945,607

Funds with Deficiencies - From time to time, the fair value of investments associated with donor restricted endowment funds may fall below the level that the donor or CTPMIFA requires FOCUS to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of May 31, 2026 and May 31, 2025.

Return Objectives and Risk Parameters - FOCUS has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted assets that FOCUS must hold in perpetuity. Under this policy, as approved by the Board of Trustees, endowment assets are invested in a manner that is intended to meet FOCUS' primary objective of preservation of their capital investments and the secondary objective of long-term capital appreciation.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, FOCUS currently relies on a strategy of investing in a variety of stocks, exchange-traded and mutual funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy - FOCUS' Board of Trustees has adopted a spending policy that evaluates an annual contribution to operations constrained to a level that is deemed sustainable on average, based on financial market conditions over time. The initial policy is to limit spending in a given year to 4% of the prior year balance. This policy will be regularly reviewed by the Board of Trustees. FOCUS has an investment objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 12: IN-KIND CONTRIBUTIONS

FOCUS recognized the following in-kind contributions for the years ended May 31, 2026 and 2025:

	2026	2025
Auction Items	$ 18,425	$ -

Auction items were valued at the lesser of fair market value on the date donated or the amount received from the auction of the item.

Note 13: FUNDRAISING EVENTS

FOCUS holds a fundraising event every two years to help offset the costs of operating its programs. The most recent event was held in September 2025 and raised $173,425 in contributions and $103,065 in event revenues. Total event revenues of $276,490 are included in special events income in the statements of activities and event expenses of $103,065 and are included in fundraising expenses in the statements of functional expenses for the year ended May 31, 2026.

FOCUS held a spring fundraiser for the Raleigh area program with a silent auction. The event raised $59,418 in revenue. In-kind contributions of $18,425 for auction items were recognized, see Note 12. An additional $40,993 of contributions were received above the fair market value of the auction items and are included in contributions revenue. Event expenses of $18,425 representing the fair value of the auction items donated are included in fundraising expenses in the statements of functional expenses for the year ended May 31, 2026.

Note 14: LEASE ACTIVITY

FOCUS has an operating lease for office space at its national office in New Canaan, Connecticut. The lease began on July 1, 2022, and has a remaining lease term of 3 years. FOCUS elected to use the risk-free interest rate of 2.93%, which was in place during the month that the lease agreement was executed. FOCUS has also assumed that an additional three-year extension will be probable at the conclusion of this current extension. The following summarizes the line items in the statements of financial position which include amounts for the operating lease as of May 31, 2026 and 2025:

	2026	2025
Operating lease right-of-use asset	$ 75,491	$ 110,117
Operating lease liability	$ 75,819	$ 110,573

Note 14: LEASE ACTIVITY (continued)

The maturities of the lease liability are as follows:

Year ending May 31,		
2027	$	37,529
2028		37,560
2029		37,560
2030		3,130
Total lease payments	$	115,779
Less: interest		(39,960)
Present value of the lease liability	$	75,819

FOCUS has other operating leases for office space that are less than twelve months in duration and do not meet the criteria for the new lease standard. Rent expense on all operating leases was $67,313 and $73,881 for the years ended May 31, 2026 and 2025, respectively.

Note 15: RELATED PARTY TRANSACTIONS

An area director employed by FOCUS is the daughter of the Executive Director. The Executive Director does not supervise the area director or participate in any compensation decisions. As is common with certain other area directors, housing is provided in a home owned by FOCUS.

Note 16: EMPLOYEE BENEFITS

FOCUS has a defined contribution pension plan under Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan on a deferred or non-tax deferred basis up to the maximum amount allowed by the Internal Revenue Code. FOCUS provides a discretionary matching contribution up to 5% of each participant's eligible compensation, beginning on the first entry date after the employee completes one year of service, has worked 1,000 hours or more during a consecutive 12-month period, and is above the age of 21. FOCUS contributed $91,335 and $84,181 to the plan during the years ended May 31, 2026 and 2025, respectively.

Note 17: SUPPLEMENTAL CASH FLOW DISCLOSURE

Cash activity during the years ended May 31, 2026 and 2025:

	2026	2025
Interest paid during the year	$ 1,094	$ 4,364