

**MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER**

**FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON**

DECEMBER 31, 2025

**MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER**

December 31, 2025

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NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Milagro Foundation, Inc.
Delray Beach, Florida

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Opinion

We have audited the accompanying financial statements of Milagro Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 Milagro Foundation, Inc. as of December 31, 2025, and the changes in 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 the Milagro Foundation, 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.

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 the Milagro Foundation, 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 the Milagro Foundation, 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 the Milagro Foundation, 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 the Milagro Foundation, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nowlen, Holt & Mimes, P.A.

April 10, 2026
West Palm Beach, Florida

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025	2024
Assets		
Current assets		
Cash	\$ 316,789	\$ 285,435
Tuition receivable	2,855	1,755
Contributions receivable	195,547	187,061
Grants receivable	21,593	21,925
Prepaid expenses	29,540	18,668
Total current assets	566,324	514,844
Noncurrent assets		
Restricted cash - scholarship fund	61,853	72,011
Investments	398,683	359,303
Property and equipment, net	699,939	768,017
Other assets	-	207
Total noncurrent assets	1,160,475	1,199,538
Total assets	\$ 1,726,799	\$ 1,714,382
Liabilities and net assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 13,721	\$ 17,875
Accrued payroll	49,974	48,413
Accrued interest payable	480	644
Current portion of mortgage payable	76,200	53,977
Total current liabilities	140,375	120,909
Noncurrent liabilities		
Mortgage payable, less current portion	-	76,155
Total noncurrent liabilities		76,155
Total liabilities	140,375	197,064
Net assets		
Without donor restrictions		
Investment in property and equipment	623,739	637,885
Board designated net assets	398,683	359,303
Undesignated net assets	93,839	74,935
Total without donor restrictions	1,116,261	1,072,123
With donor restrictions	470,163	445,195
Total net assets	1,586,424	1,517,318
Total liabilities and net assets	\$ 1,726,799	\$ 1,714,382

See notes to financial statements.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025			2024 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue				
Contributions				
Corporate and foundation	\$ 246,002	\$ 1,023,738	\$ 1,269,740	\$ 1,173,897
Contracts and grants	-	296,901	296,901	157,247
Fundraising and sponsorships	161,504	7,433	168,937	136,057
In-Kind contributions	53,265	4,700	57,965	48,160
Investment income (loss)	17,879	-	17,879	22,227
Tuition families	65,530	-	65,530	71,356
Tuition grants	50,629	-	50,629	37,729
Gain on disposal of assets	-	-	-	15,000
Special event revenue, net of direct expenses of \$43,616 and \$46,752	56,846	-	56,846	70,493
Total public support and revenue	<u>651,655</u>	<u>1,332,772</u>	<u>1,984,427</u>	<u>1,732,166</u>
Net assets released from restrictions	<u>1,307,804</u>	<u>(1,307,804)</u>		
Expenses				
Program services	1,410,355	-	1,410,355	1,275,523
Supporting services:				
Management and general	331,132	-	331,132	286,720
Fundraising	173,834	-	173,834	147,682
Total expenses	<u>1,915,321</u>	<u>-</u>	<u>1,915,321</u>	<u>1,709,925</u>
Change in net assets	44,138	24,968	69,106	22,241
Net assets at beginning of year	<u>1,072,123</u>	<u>445,195</u>	<u>1,517,318</u>	<u>1,495,077</u>
Net assets at end of year	<u>\$ 1,116,261</u>	<u>\$ 470,163</u>	<u>\$ 1,586,424</u>	<u>\$ 1,517,318</u>

See notes to financial statements.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025			Total	2024 Total
	Program Services	Management and General	Fundraising		
Payroll and related expenses	\$ 864,947	\$ 284,196	\$ 86,495	\$1,235,638	\$1,151,893
Artist	35,416	-	-	35,416	56,945
Program supplies	54,461	-	-	54,461	28,645
Other program related expenses	127,043	-	-	127,043	50,910
Background checks	1,621	-	-	1,621	3,366
Professional fees	3,438	10,529	344	14,311	14,325
Training and development	3,876	3,849	5,619	13,344	17,149
Occupancy costs	153,980	13,687	3,422	171,089	157,174
Office supplies	18,910	9,456	9,456	37,822	28,924
Marketing and public relations	-	-	66,144	66,144	52,925
Printing and reproduction	9,213	2,457	614	12,284	13,932
Transportation	51,682	-	-	51,682	42,400
Depreciation and amortization	78,281	6,958	1,740	86,979	80,375
Mortgage interest	7,487	-	-	7,487	10,962
Total expenses before direct fundraising	1,410,355	331,132	173,834	1,915,321	1,709,925
Special event direct costs	-	-	43,616	43,616	46,752
	<u>\$ 1,410,355</u>	<u>\$ 331,132</u>	<u>\$ 217,450</u>	<u>\$1,958,937</u>	<u>\$1,756,677</u>

See notes to financial statements.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(With Comparative Totals for December 31, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 69,106	\$ 22,241
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,979	80,375
Unrealized (gains) losses on investments	(1,982)	(2,994)
Donated equipment	-	(6,500)
(Increase) decrease in assets:		
Contributions, tuition and grants receivable	(9,254)	15,412
Prepaid expenses	(10,872)	3,555
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,757)	4,248
Net cash provided (used) by operating activities	131,220	116,337
Cash flows from investing activities		
Acquisition of property and equipment	(18,694)	(98,339)
Sales (Purchases) of investments	(37,398)	67,125
Net cash provided (used) by investing activities	(56,092)	(31,214)
Cash flows from financing activities		
Payments on long-term debt	(53,932)	(50,148)
Net cash provided (used) by financing activities	(53,932)	(50,148)
Net increase (decrease) in cash and cash equivalents	21,196	34,975
Cash and restricted cash - beginning of year	357,446	322,471
Cash and restricted cash - end of year	\$ 378,642	\$ 357,446
Supplemental cash flow information		
Cash and restricted cash		
Cash	\$ 316,789	\$ 285,435
Restricted cash - scholarship fund	61,853	72,011
Total cash and restricted cash	\$ 378,642	\$ 357,446
Cash paid for interest	\$ 7,651	\$ 11,425

See notes to financial statements.

**MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 – NATURE OF BUSINESS

The Milagro Foundation, Inc., DBA the Milagro Center (the Center) is a not-for-profit corporation established in 1997 whose mission is to enrich the lives of children through cultural arts, Living Values and academic support. The Center’s operations are based in Delray Beach, Florida. Our vision is to be a center of creative cultural collaboration, engaging education and inspiration that dissolves social barriers, forms lasting connections and sets the stage for future success.

The Center is designed to be a replicable model for self-sustaining, non-profit organizations that provide educational and art programs to disadvantaged children. The Center’s three goals are to:

- Ensure academic success.
- Promote the arts.
- Create strong individuals who positively impact their communities.

The Center operates four interrelated and socially inclusive programs for children relating to the visual and performing arts, leadership and mentoring. Each program incorporates values-based education endorsed by the United Nations, one-on-one academic support, and supportive intergenerational relationships. A brief description of each of the programs follows:

Standing Together Achieving Recognition and Success (“STARS”) The STARS Program is a multi-faceted after-school and summer cultural arts program that is designed to improve the educational performance and artistic potential of low-income children. Students receive instruction in specialized areas of literacy proficiency, science, technology and art tutorials. Participants in the program also learn essential life skills including the ability to communicate effectively, express emotions, and work as a team, which are key to their development. In addition, the program connects the Milagro families with various community social services.

Mentoring Program The Milagro Mentoring Program provides mentoring to children on both a one-on-one and group basis in conjunction with the STARS program. The program fosters nurturing, supportive intergenerational relationships that are essential in building self-esteem in children. Children are more able to adequately deal with factors that classify them as “at risk” when they have mentors who are trained to address emotional and educational deficiencies.

ARTreach Using the existing infrastructure of the STARS Program and the Center's team of professional artists, art education is provided to disadvantaged and at-risk youth, who would otherwise not experience this culturally important aspect of life. The Center's team also provides unique, inspirational, and engaging curriculum to other children throughout Palm Beach County through community partners, and plans to extend the program to Broward County in the future.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – NATURE OF BUSINESS (Continued)

Teen Leadership With the Jr. Teen Leadership Program, Milagro Center now operates 5 interrelated and socially inclusive programs for children relating to the visual and performing arts, leadership and mentoring. The Jr. Teen Leadership Program is our newest program and serves youth in grades 6-8; the Teen Leadership Program serves youth in grades 9-12.

Scholarship Fund The Milagro Center administers a scholarship fund for those qualifying Milagro Center graduates that meet specific requirements during their matriculation through post-high school studies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Center to report information regarding 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 the organization. These net assets may be used at the discretion of the Center's management and the board of directors.

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 the Center 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, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Expenses are reported as decreases in unrestricted net assets without donor restrictions.

Management's Use of Estimates

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

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and comparable state law, and contributions are tax deductible within the limits prescribed by the Code. The Center has also been classified as publicly supported organization that is not a private Center under Section 509(a) of the code.

As a not-for-profit organization, the Center is generally exempt from federal and state income taxes. The Center is subject to federal and state income taxes on unrelated business income.

The Center may be obligated to pay tax on any unrelated business income. The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center files tax returns in the U. S. Federal jurisdiction. The Center's income tax returns are not subject to examination through the year ended December 31, 2021.

Cash and Restricted Cash

Cash and restricted cash include checking, savings, money market accounts, and petty cash. Certificates of Deposit with original maturities greater than three months are classified as investments. Due to their long term nature, cash balances in the investment accounts are not considered a cash equivalent for purposes of the Statement of Cash Flows.

Grants Receivable

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

Investments

Investments are carried at fair value if a reasonable estimate of fair value can be made, otherwise at cost. Realized and unrealized gains and losses are recorded in the Statement of Activities. Investment transactions are recorded on the trade date basis. Realized gains or losses on sales of securities are determined on the FIFO basis for financial statement purposes. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Contributed Services and Goods

In-kind contributions are recorded at their fair market value at the date of donation, if such value is measurable. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions to be used in the operation of the Center are recorded directly as public support.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable

The fair value of contributions receivable is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Center uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Based on this analysis, no allowance was considered necessary for the current fiscal year.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years. The Center follows the policy of capitalizing all expenditures for land, buildings and equipment in excess of \$1,000.

Advertising Costs

Advertising costs are charged to operations when incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are associated with a specific program or activity are charged directly to that program or activity. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization, and occupancy, which are allocated on a square footage basis.

**MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

NOTE 3 – LIQUIDITY AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets available to meet general expenditures within one year.

Cash and restricted cash	\$ 378,642
Investments	398,683
Tuition receivable	2,855
Contributions receivable	195,547
Grants receivable	<u>21,953</u>
Total financial assets	997,680
Less:	
Accounts payable and accrued expenses	(64,175)
Donor imposed restrictions	(470,163)
Restrictions expected to be met within one year	384,310
Board designated investments	<u>(398,683)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 448,969</u></u>

The Center receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

At December 31, 2025, the Center's financial assets available to meet general expenditures within one year were 97 days of expected expenditures and current assets less current liabilities were 86 days of expected expenditures.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 – LIQUIDITY AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Center manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Center has a Cash Reserve Policy.

The Center established a board designated investment account (the account) as a part of the ongoing financial business of the organization, with the goal to have an operating reserve of no less than three months average operating expenses. The account was established to handle financing for special situations and is strictly overseen by the Finance Committee of the Board of Directors. The account is to be utilized only when none of the normal means of financing are available or are appropriate. This account shall be funded from unrestricted revenue. Approval to draw from the account will be by a majority vote of the Finance Committee members, and presented to the Board of Directors, for a final approval vote. A quorum (more than 50%) of the members must be present for the vote to take place. The Center's goal will be to begin replenishment within ninety days of initial withdrawal and finish replenishment within a period not to exceed twelve months. If withdrawal of funds from this account causes the account to drop below the operating reserve of three months, then replenishment of account funds will begin within thirty days of withdrawal, or as soon as possible, whichever is earliest.

The Center's Reserve Policy was approved in November of 2019, at this time the investment account had less than the required ninety days of operating expenses. The Finance Committee is monitoring the Center's liquidity monthly and making recommendations to increase the investment account when appropriate. The reserve was at twenty-one days of operating expenses in 2019 and has increased to 80 days in 2025.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions are recognized in the period an unconditional promise to give is received. Contributions receivable are recorded at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions due more than one year after the date of receipt. Therefore, carrying value approximates fair value. At December 31, 2025, all contributions receivable recorded were due within one year.

MILAGRO FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Center had \$61,358 of cash balances in excess of FDIC insurance for 2025. December was the only month in 2025 that cash exceeded the FDIC insurance.

NOTE 6 – CONDITIONAL PROMISES TO GIVE

The Center has three grants from Palm Beach County which are paid monthly based on the number of hours of program activity provided. In the fiscal year ending December 31, 2025, \$138,260 was recognized as contributions with donor restrictions and \$511,662 was remaining at year end.

The Center has a grant from the City of Delray Beach in which reimbursements are subject to the Federal Single Audit Act. In the fiscal year ending December 31, 2025, \$60,000 was recognized as contributions with donor restrictions. The fiscal year 2025/2026 grant had not been renewed as of December 31, 2025. The Center expects the grant to be renewed in 2026.

The Center had received two conditional contributions in fiscal year 2024 totaling \$175,000 that the conditions were met in the current year. The Center has received one conditional contribution in fiscal year 2025 totaling \$50,000 that the conditions have not yet been met as of December 31, 2025.

NOTE 7 – INVESTMENTS

The following is a summary of the Center’s investments, which are stated at fair value at December 31, 2025:

Cash, investment account sweep	\$ 14,330
U.S. T-Bills	278,382
Corporate stock	61,195
Exchange traded funds	28,740
Mutual funds	16,036
	<u>\$ 398,683</u>

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives. |
| Level 2 | Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. |

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2025.

At December 31, 2025, the U.S. T-Bills, Corporate stock and Mutual Funds were classified as Level 1. The Cash was covered by FDIC insurance and is not classified.

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 85,500
Buildings and improvements	1,133,777
Playground equipment and improvements	27,156
Computers and program equipment	100,619
Vehicles	104,791
Furniture and fixtures	<u>56,197</u>
	1,508,040
Total property and equipment	
Accumulated depreciation	<u>(808,101)</u>
Net property and equipment	<u><u>\$ 699,939</u></u>

**MILAGRO FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 – MORTGAGE PAYABLE

The Center financed the purchase of two buildings through a 20-year \$650,000 mortgage which is secured by the buildings, land and future rents. This note matures in December 2026 and is payable in monthly installments of \$5,131, including interest at 7.13%.

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MILAGRO FOUNDATION, INC.
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MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – NATURE OF BUSINESS

The Milagro Foundation, Inc., DBA the Milagro Center (the Center) is a not-for-profit corporation established in 1997 whose mission is to enrich the lives of children through cultural arts, Living Values and academic support. The Center’s operations are based in Delray Beach, Florida. Our vision is to be a center of creative cultural collaboration, engaging education and inspiration that dissolves social barriers, forms lasting connections and sets the stage for future success.

The Center is designed to be a replicable model for self-sustaining, non-profit organizations that provide educational and art programs to disadvantaged children. The Center’s three goals are to:

- Ensure academic success.
- Promote the arts.
- Create strong individuals who positively impact their communities.

The Center operates four interrelated and socially inclusive programs for children relating to the visual and performing arts, leadership and mentoring. Each program incorporates values-based education endorsed by the United Nations, one-on-one academic support, and supportive intergenerational relationships. A brief description of each of the programs follows:

Standing Together Achieving Recognition and Success (“STARS”) The STARS Program is a multi-faceted after-school and summer cultural arts program that is designed to improve the educational performance and artistic potential of low-income children. Students receive instruction in specialized areas of literacy proficiency, science, technology and art tutorials. Participants in the program also learn essential life skills including the ability to communicate effectively, express emotions, and work as a team, which are key to their development. In addition, the program connects the Milagro families with various community social services.

Mentoring Program The Milagro Mentoring Program provides mentoring to children on both a one-on-one and group basis in conjunction with the STARS program. The program fosters nurturing, supportive intergenerational relationships that are essential in building self-esteem in children. Children are more able to adequately deal with factors that classify them as “at risk” when they have mentors who are trained to address emotional and educational deficiencies.

ARTreach Using the existing infrastructure of the STARS Program and the Center's team of professional artists, art education is provided to disadvantaged and at-risk youth, who would otherwise not experience this culturally important aspect of life. The Center's team also provides unique, inspirational, and engaging curriculum to other children throughout Palm Beach County through community partners, and plans to extend the program to Broward County in the future.

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – NATURE OF BUSINESS (Continued)

Teen Leadership With the Jr. Teen Leadership Program, Milagro Center now operates 5 interrelated and socially inclusive programs for children relating to the visual and performing arts, leadership and mentoring. The Jr. Teen Leadership Program is our newest program and serves youth in grades 6-8; the Teen Leadership Program serves youth in grades 9-12.

Scholarship Fund The Milagro Center administers a scholarship fund for those qualifying Milagro Center graduates that meet specific requirements during their matriculation through post-high school studies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Center to report information regarding 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 the organization. These net assets may be used at the discretion of the Center's management and the board of directors.

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 the Center 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, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Expenses are reported as decreases in unrestricted net assets without donor restrictions.

Management's Use of Estimates

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

MILAGRO FOUNDATION, INC.
DBA MILAGRO CENTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and comparable state law, and contributions are tax deductible within the limits prescribed by the Code. The Center has also been classified as publicly supported organization that is not a private Center under Section 509(a) of the code.

As a not-for-profit organization, the Center is generally exempt from federal and state income taxes. The Center is subject to federal and state income taxes on unrelated business income.

The Center may be obligated to pay tax on any unrelated business income. The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center files tax returns in the U. S. Federal jurisdiction. The Center's income tax returns are not subject to examination through the year ended December 31, 2021.

Cash and Restricted Cash

Cash and restricted cash include checking, savings, money market accounts, and petty cash. Certificates of Deposit with original maturities greater than three months are classified as investments. Due to their long term nature, cash balances in the investment accounts are not considered a cash equivalent for purposes of the Statement of Cash Flows.

Grants Receivable

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

Investments

Investments are carried at fair value if a reasonable estimate of fair value can be made, otherwise at cost. Realized and unrealized gains and losses are recorded in the Statement of Activities. Investment transactions are recorded on the trade date basis. Realized gains or losses on sales of securities are determined on the FIFO basis for financial statement purposes. Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Contributed Services and Goods

In-kind contributions are recorded at their fair market value at the date of donation, if such value is measurable. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions to be used in the operation of the Center are recorded directly as public support.

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions receivable

The fair value of contributions receivable is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Center uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Based on this analysis, no allowance was considered necessary for the current fiscal year.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are recorded at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 30 years. The Center follows the policy of capitalizing all expenditures for land, buildings and equipment in excess of \$1,000.

Advertising Costs

Advertising costs are charged to operations when incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are associated with a specific program or activity are charged directly to that program or activity. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and amortization, and occupancy, which are allocated on a square footage basis.

**MILAGRO FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

NOTE 3 –LIQUIDITY AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets available to meet general expenditures within one year.

Cash and restricted cash	\$ 378,642
Investments	398,683
Tuition receivable	2,855
Contributions receivable	195,547
Grants receivable	<u>21,953</u>
Total financial assets	997,680
Less:	
Accounts payable and accrued expenses	(64,175)
Donor imposed restrictions	(470,163)
Restrictions expected to be met within one year	384,310
Board designated investments	<u>(398,683)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 448,969</u></u>

The Center receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

At December 31, 2025, the Center's financial assets available to meet general expenditures within one year were 97 days of expected expenditures and current assets less current liabilities were 78 days of expected expenditures.

MILAGRO FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – LIQUIDITY AVAILABILITY OF FINANCIAL ASSETS (Continued)

The Center manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Center has a Cash Reserve Policy.

The Center established a board designated investment account (the account) as a part of the ongoing financial business of the organization, with the goal to have an operating reserve of no less than three months average operating expenses. The account was established to handle financing for special situations and is strictly overseen by the Finance Committee of the Board of Directors. The account is to be utilized only when none of the normal means of financing are available or are appropriate. This account shall be funded from unrestricted revenue. Approval to draw from the account will be by a majority vote of the Finance Committee members, and presented to the Board of Directors, for a final approval vote. A quorum (more than 50%) of the members must be present for the vote to take place. The Center's goal will be to begin replenishment within ninety days of initial withdrawal and finish replenishment within a period not to exceed twelve months. If withdrawal of funds from this account causes the account to drop below the operating reserve of three months, then replenishment of account funds will begin within thirty days of withdrawal, or as soon as possible, whichever is earliest.

The Center's Reserve Policy was approved in November of 2019, at this time the investment account had less than the required ninety days of operating expenses. The Finance Committee is monitoring the Center's liquidity monthly and making recommendations to increase the investment account when appropriate. The reserve was at twenty-one days of operating expenses in 2019 and has increased to 79 days in 2025.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions are recognized in the period an unconditional promise to give is received. Contributions receivable are recorded at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions due more than one year after the date of receipt. Therefore, carrying value approximates fair value. At December 31, 2025, all contributions receivable recorded were due within one year.

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DECEMBER 31, 2025

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Center had \$61,358 of cash balances in excess of FDIC insurance for 2025. December was the only month in 2025 that cash exceeded the FDIC insurance.

NOTE 6 – CONDITIONAL PROMISES TO GIVE

The Center has three grants from Palm Beach County which are paid monthly based on the number of hours of program activity provided. In the fiscal year ending December 31, 2025, \$138,260 was recognized as contributions with donor restrictions and \$511,662 was remaining at year end.

The Center has a grant from the City of Delray Beach in which reimbursements are subject to the Federal Single Audit Act. In the fiscal year ending December 31, 2025, \$60,000 was recognized as contributions with donor restrictions. The fiscal year 2025/2026 grant had not been renewed as of December 31, 2025. The Center expects the grant to be renewed in 2026.

The Center had received two conditional contributions in fiscal year 2024 totaling \$175,000 that the conditions were met in the current year. The Center has received one conditional contribution in fiscal year 2025 totaling \$50,000 that the conditions have not yet been met as of December 31, 2025.

NOTE 7 – INVESTMENTS

The following is a summary of the Center’s investments, which are stated at fair value at December 31, 2025:

Cash, investment account sweep	\$ 14,330
U.S. T-Bills	278,382
Corporate stock	61,195
Exchange traded funds	28,740
Mutual funds	16,036
	<u>\$ 398,683</u>

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

MILAGRO FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- | | |
|---------|--|
| Level 1 | Unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access at the measurement date. The type of investments included in Level 1 includes listed equities and listed derivatives. |
| Level 2 | Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. |

An asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2025.

At December 31, 2025, the U.S. T-Bills, Corporate stock and Mutual Funds were classified as Level 1. The Cash was covered by FDIC insurance and is not classified.

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land	\$ 85,500
Buildings and improvements	1,133,777
Playground equipment and improvements	27,156
Computers and program equipment	100,619
Vehicles	104,791
Furniture and fixtures	<u>56,197</u>
	1,508,040
Total property and equipment	
Accumulated depreciation	<u>(808,101)</u>
Net property and equipment	<u><u>\$ 699,939</u></u>

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