ADLER APHASIA CENTER

Financial Statements

December 31, 2025 and 2024

ADLER APHASIA CENTER, INC
DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Adler Aphasia Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Adler Aphasia Center (a nonprofit organization) which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Adler Aphasia Center as of December 31, 2025 and 2024, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Adler Aphasia Center 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 opinions

Responsibility 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 Adler Aphasia Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Adler Aphasia Center'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 Adler Aphasia Center's ability to continue as a going concern for a reasonable period of time. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 accompanying schedule of expenditures of state awards on page 21 and the notes to the schedule on page 22 are presented for purposes of additional analysis and is not a required part of the financial statements. 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 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 auditing standards generally accepted in the United States of America. 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 August 11, 2026, on our consideration of Adler Aphasia Center'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 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 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 Adler Aphasia Center's internal control over financial reporting and compliance.

Steven T. Cirillo CPA LLC

Westwood, New Jersey
August 11, 2026

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ADLER APHASIA CENTER, INC

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,113,810	$ 1,053,320
Investments	6,939,621	6,423,797
Membership receivables	4,230	4,068
Government receivables	50,000	25,000
Unconditional promises to give	130,000	-
Prepaid expenses	3,066	2,790
Total current assets	8,240,727	7,508,975
NON-CURRENT ASSETS:		
Improvements and equipment, net	124,992	141,471
Investments - restricted	669,992	662,230
Long-term unconditional promises to give, net	142,577	-
Total non-current assets	937,561	803,701
Total assets	$ 9,178,288	$ 8,312,676

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 4,726	$ 20,125
Accrued salaries and taxes	101,653	89,837
Total liabilities	106,379	109,962
NET ASSETS:		
Without donor restriction	8,091,917	7,540,484
With donor restriction	979,992	662,230
Total net assets	9,071,909	8,202,714
Total liabilities and net assets	$ 9,178,288	$ 8,312,676

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

ADLER APHASIA CENTER, INC

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE :						
Contributions from general public	$ 923,934	$ 310,000	$ 1,233,934	$ 408,687	$ -	$ 408,687
Contributions from related party	408,849	-	408,849	353,500	-	353,500
Non-cash contributions from related party	264,892	-	264,892	264,892		264,892
Membership, net of scholarships	210,491	-	210,491	198,272	-	198,272
Special events, net of expenses of					-	
$32,468 and $31,542 in 2025 and 2024	164,725	-	164,725	219,401	-	219,401
Government grant	150,000	-	150,000	150,000	-	150,000
Program service fees	33,093	-	33,093	58,268	-	58,268
Net assets released from restrictions						
Satisfaction of purpose restrictions	21,253	(21,253)	-	386,975	(386,975)	-
Total Support and Revenue	2,177,237	288,747	2,465,984	2,039,995	(386,975)	1,653,020
EXPENSES:						
Program services:						
Support of individuals with Aphasia	1,971,739	-	1,971,739	2,084,850	-	2,084,850
Support services:						
Management and administrative	311,661	-	311,661	420,021	-	420,021
Fundraising	202,676	-	202,676	251,806	-	251,806
Total Expenses	2,486,076	-	2,486,076	2,756,677	-	2,756,677
OTHER ITEMS:						
Investment income	860,273	29,015	889,288	657,952	19,747	677,699
Loss on disposal of asset	-	-	-	(1,771)	-	(1,771)
Total Non-operating income	860,273	29,015	889,288	656,181	19,747	675,928
CHANGE IN NET ASSETS	551,433	317,762	869,195	(60,501)	(367,228)	(427,729)
PRIOR PERIOD ADJUSTMENT	-	-	-	(60,392)	-	(60,392)
NET ASSETS, Beginning of Year	7,540,484	662,230	8,202,714	7,661,377	1,029,458	8,690,835
NET ASSETS, End of Year	$ 8,091,917	$ 979,992	$ 9,071,909	$ 7,540,484	$ 662,230	$ 8,202,714

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

ADLER APHASIA CENTER, INC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 869,195	$ (427,729)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	22,548	22,327
Loss on disposal of asset	-	1,771
Unrealized (gain) on investments	(454,806)	(420,708)
Realized (gain) on investments	(264,805)	(107,528)
Accretion of present value discount	-	(1,101)
(Increase) decrease in assets:		
Membership receivables	(162)	942
Government receivables	(25,000)	25,000
Pledges receivable	(272,577)	350,000
Prepaid expenses	(276)	(408)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(15,399)	9,730
Accrued salaries and taxes	11,816	7,970
Net cash (used in) operating activities	(129,466)	(539,734)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of improvements and equipment	(6,069)	(18,390)
Proceeds from sale of investments	2,780,322	3,363,898
Purchase of investments	(2,584,297)	(3,282,046)
Net cash provided by investing activities	189,956	63,462
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,490	(476,272)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,053,320	1,529,592
CASH AND CASH EQUIVALENTS, End of Year	$ 1,113,810	$ 1,053,320

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

ADLER APHASIA CENTER, INC

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Support of individuals with Aphasia	Management & Administrative	Fundraising	Total	Support of individuals with Aphasia	Management & Administrative	Fundraising	Total
Salaries expense	$ 977,861	$ 159,185	$ 99,894	$ 1,236,940	$ 922,656	$ 204,771	$ 75,773	$ 1,203,200
Employee benefits	104,967	13,864	7,442	126,273	106,928	17,796	6,260	130,984
Payroll taxes	80,504	12,644	7,819	100,967	78,433	16,115	5,909	100,457
Total personnel cost	1,163,332	185,693	115,155	1,464,180	1,108,017	238,682	87,942	1,434,641
Occupancy	359,333	6,136	1,305	366,774	406,747	3,745	2,537	413,029
Professional fees	140,819	66,972	74,731	282,522	121,138	88,960	5,526	215,624
Advertising and information	123,397	10,758	9,682	143,837	126,243	36,301	151,000	313,544
Supplies	98,078	2,004	101	100,183	107,058	2,714	490	110,262
Maintenance and repairs	37,588	16,182	621	54,391	52,614	32,311	2,466	87,391
Insurance	15,665	11,758	269	27,692	23,260	2,068	1,551	26,879
Staff and board development	3,166	12,022	94	15,282	3,816	9,215	243	13,274
Bank and investment fees	5,171	2	664	5,837	307	5,277	-	5,584
Postage and delivery	2,595	129	52	2,776	2,406	27	20	2,453
Licenses and fees	47	5	2	54	917	721	31	1,669
Grants to others	-	-	-	-	110,000	-	-	110,000
Total expenses before depreciation	1,949,191	311,661 -	202,676	2,463,528	2,062,523	420,021 -	251,806 -	2,734,350
Depreciation	22,548	-	-	22,548	22,327	-	-	22,327
Total expenses	$ 1,971,739	$ 311,661	$ 202,676	$ 2,486,076	$ 2,084,850	$ 420,021	$ 251,806	$ 2,756,677

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

1. NATURE OF ACTIVITIES

Founded in 2003, with operations commencing on August 26, 2003, Adler Aphasia Center (the "Center") is a New Jersey Corporation operating as a not-for-profit organization under Internal Revenue Code Section 501(c)(3). Aphasia is an acquired communication disorder that impairs a person's ability to process language, but does not affect intelligence. Aphasia impairs the ability to speak and understand others, and most people with aphasia experience difficulty reading and writing. The Center operates a site at 60 West Hunter Avenue, Maywood, New Jersey as well as a satellite centers in West Orange, New Jersey and Toms River, New Jersey. The Adler Aphasia Center maintains ten Aphasia Community Groups in Central and Northern New Jersey. The Center offers the following programs:

Support of individuals with Aphasia: The Center offers therapy and training to enhance the quality of life of individuals (members) with Aphasia. Members meet with their caregivers on a regular basis to work on improving their communication skills and confidence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation --- The financial statements are prepared using guidance provided by the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Nonprofit Organizations*, *New Jersey Office of Management and Budget Circular 25-12-OMB, State Grants, and State Aid,* in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), and other pronouncements applicable to not-for-profit organizations.

ASC Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Center and changes therein are classified and reported as follows:

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

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same calendar year in which the contribution is received, the Organization reports the contribution as without donor restrictions.

Cash and cash equivalents --- The Center considers all highly liquid investments with an original maturity of three months or less at the time of acquisition to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Accounts receivable --- Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts. Accounts receivable as of December 31, 2025 and 2024 are from governments, membership fees and pledges from individuals and foundations. Since all amounts are considered receivable, no allowance for doubtful accounts has been provided.

Fair value (hierarchy) of financial instruments --- The Center measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation 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 other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair value (hierarchy) of financial instruments (cont.) --- As of December 31, 2025 and 2024, none of the assets (except investments) and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, accounts payable, and accrued expenses, approximate fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ended December 31, 2025 and 2024.

Property and equipment --- Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities.

The Center's policy is to capitalize fixed assets with a purchase price of $5,000 or more and a useful life of one year or more based on the following schedule:

Asset Class	Years
Capital Improvements	15-30
Leasehold Improvements	15
Furniture and Equipment	3-5
Vehicles	5

Impairment of long-lived assets --- The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets.*

Revenue recognition ---

Contributions --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for use unless specifically restricted by the donor. Conditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which promises are to be received.

As part of program operations, the Center sells member created items such as handcrafted jewelry, custom designed greeting cards, keepsake boxes, photo calendars and more, from their store named "Something Special". Since the cost of running the store are peripheral and immaterial, amounts received from sales are considered contributions. For December 31, 2025 and 2024, revenue from the store was $32,557 and $33,984 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue recognition (cont.) ---

Non-Cash Contributions --- The Center discloses all contributed goods and services regardless of whether the goods and/ or services received are recognized as revenue in the financial statements. Items sold to the public or used in fundraising are reported as revenue at the cash value received in the exchange at the time of sale, with the resulting non-operating gain or loss being the difference between the fair value received from the donor and the cash received at the time of the sale. Alternatively, if a nonfinancial asset is used internally and otherwise not sold, the revenue is offset by the asset or related expense.

Ad hoc, the Center updates the fair market value of non-cash contributions of rent when the marketplace has changed materially. The last time the Center updated these amounts by review in comparable data was during the year ended December 31, 2025.

Special Events --- The Center hosts fundraising events which are considered exchange transactions whereas a perceived value is received in exchange for attending the events and/ or any sponsorship provided. Revenue is recognized when the event has taken place.

Memberships --- Memberships are considered exchange transactions whereas a perceived value is received in exchange for the membership. Therefore active memberships applied to the current year are recognized during the year and all future memberships received in advance are deferred.

Government Grants --- Government grant funds received from the Department of Health are recognized as conditional contributions. The grant contains the ability to access funds in advance. Revenue from these grants are recognized monthly based on a one-twelfth proration of the contracted award. The terms of the grant specify that the Center must incur certain qualifying expenses (or costs) in compliance with rules and regulations established by State governments, through the Office of Management and Budget and their cognizant agency, in order for the revenue to be recognized.

Program Service Fees --- Revenue is recognized upon service delivery.

Income taxes --- The Center is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Center is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

The Center adheres to FASB ASC Topic 740, *Income Taxes,* which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Center's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the years ended December 31, 2025 and 2024, the Center has no material uncertain tax positions to be accounted for in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- Annually, the Center files an informational return with the United States Internal Revenue Service. The Center also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs. All required tax returns have been filed and all taxes have been paid. The Center is generally subject to tax examinations for three years after its latest filing.

Functional allocation of expenses --- Expenses are charged to each program based on direct expenditures incurred. Program expenses are those related to support individuals with Aphasia. Management and general relate to administrative expenses related to those programs.

Allocated indirect expenditures include salaries and related payroll expenses, which are allocated on the basis of estimates of time and effort. The indirect labor hours cost pool serves as the basis for allocating supplies and other general office expenses. Rent, utilities and other facility and overhead costs are allocated based upon the number of employees directly allocated to each function.

Use of estimates --- The preparation of financial statements in conformity with accounting principles generally accepted the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification --- Certain amounts from prior year financial statements have been reclassified to conform to current year presentation.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENTS

The following descriptions of the valuation techniques applied to the Center's major categories of assets measured at fair value on a recurring basis:

Mutual Funds: Investments traded in an active market for which daily closing prices are measured primarily on a net asset value basis.

Government Securities: Investments consisted of debt securities issued by the U.S. treasury and other U.S. government corporations and agencies. Government securities are valued using quoted market prices, dealer quotations, or other observable market inputs, including benchmark yields and market-corroborated pricing information.

Certificates of deposit: Certificates of deposit are guaranteed interest rate accounts with maturities expiring in over a year

The asset'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 need to maximize the use of observable inputs. As of December 31, 2025 and 2024, non-current investments amounted to $693,766 and $662,230, respectively, and represents the Center's endowment, as detailed in Note 9.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENTS (CONT.)

The following table presents the Center's financial assets which are measured and recorded at fair value on a recurring basis at December 31, 2025 and 2024:

	Level 1 2025	Level 1 2024
Mutual Funds		
Bond Funds	$ 2,443,150	$ 2,875,752
Stock Funds	4,804,079	4,210,275
Government Securities	362,384	-
Total assets carried at fair value	$ 7,609,613	$ 7,086,027

The cost basis and estimated fair value of investments held as available for sale by the Center at December 31, 2025 and 2024 are as follows:

December 31, 2025:

	Cost	Gross Unrealized Holdings Gains	Gross Unrealized Holdings Losses	Fair Value
Mutual funds:				
Bond funds	$ 2,474,253	$ 9,169	$ (40,272)	$ 2,443,150
Stock funds	3,588,860	1,253,375	(38,156)	4,804,079
Government Securities	353,106	9,540	(262)	362,384
Total	$ 6,416,219	$ 1,272,084	$ (78,690)	$ 7,609,613

December 31, 2024:

	Cost	Gross Unrealized Holdings Gains	Gross Unrealized Holdings Losses	Fair Value
Mutual funds:				
Bond funds	$ 2,932,866	$ 27,963	$ (85,077)	$ 2,875,752
Stock funds	3,405,008	840,118	(34,851)	4,210,275
Government Securities	-	-	-	-
Total	$ 6,337,874	$ 868,081	$ (119,928)	$ 7,086,027

3. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENTS (CONT.)

The Center's investment income consisted of the following at December 31, 2025 and 2024:

	2025	2024
Interest, dividends and misc income	$ 216,246	$ 191,960
Realized gains	264,805	107,528
Unrealized gains	454,806	420,708
Less: investment expenses	(46,569)	(42,497)
	$ 889,288	$ 677,699

4. UNCONDITIONAL PROMISE TO GIVE:

Total unconditional promises to give consist of the following at December 31, 2025 and 2024:

	2025	2024
Promises without donor restrictions	$ -	$ -
Promises with donor restrictions		
Time restricted	310,000	-
Gross unconditional promises to give	310,000	-
Less: Discount for long-term pledges	37,423	-
Net unconditional promises to give	$ 272,577	$ -
Amounts due in:		
Less than one year	$ 130,000	$ -
One to five years	142,577	-
Total	$ 272,577	$ -

5. NON-CASH CONTRIBUTIONS

The Center recognizes in the statements of activities contributed nonfinancial assets for the use of its facility located at 60 West Hunter Avenue, Maywood, NJ, at fair value. For the years ended December 31, 2025 and 2024, the Center recognized as both unconditional contribution and expense amounts for facilities rent totaling $264,892 and $264,892, respectively. Based on a market study, the facility rent is valued at $23.63 per square foot applied to the approximate space utilized of 11,210 square feet. The rent is categorized as occupancy expense in the statement of functional expenses. The contributed facilities have been donated by the founding board member's related entities (See Note 11).

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2025 and 2024:

	2025	2024
Leasehold improvements	$ 247,850	$ 247,850
Furniture and equipment	129,179	123,111
	377,029	370,961
Less: accumulated depreciation	252,037	229,490
Net property and equipment	$ 124,992	$ 141,471

Depreciation expense amounted to $22,548 and $22,327 for the years ended December 31, 2025 and 2024, respectively. During 2025, additions of furniture and equipment amounted to $6,068.

7. MEMBERSHIP INCOME

For the years ended December 31, 2025 and 2024, membership revenue and scholarship expense was as follows:

	2025	2024
Membership revenue	$ 297,737	$ 906,145
Less: scholarship expense	87,246	707,873
Membership revenue, net of scholarships	$ 210,941	$ 198,272

Members are billed on a semester basis. Standard membership covers attendance two days per week for 15 weeks. Members attending one day per week for 15 weeks are charged two-thirds of the full semester cost to reflect ongoing operating and staffing costs.

Through December 31, 2024, invoices presented the total membership cost less applicable subsidies, with additional reductions for scholarships. Beginning in 2025, invoices present only the actual cost of services.

8. NET ASSETS

Net Assets with Donor Restrictions

The Center's net assets with donor restrictions are held for the following purposes at December 31, 2025 and 2024:

	2025	2024
Time restriction	$ 310,000	$ -
Endowment income, unappropriated	134,992	127,230
Endowment contribution	535,000	535,000
	$ 979,992	$ 662,230

Net assets released from donor restrictions during the years ended December 31, 2025 and 2024 were for:

	2025	2024
Time restriction	$ -	$ 365,000
Endowment income, appropriation	21,253	21,975
	$ 21,253	$ 386,975

Endowment

In 2006 the Center received a $500,000 restricted contribution to establish the Center's endowment. Since that time, an additional $35,000 in donor restricted contributions have been made to the endowment. The donor agreements specified that investment income, including interest, dividends and capital gains, be used for program expenses. Unappropriated investment income is classified as with donor restriction until appropriation by the board under its spending policy. The Center maintains the original corpus of the donation as restricted investments and classifies all unspent investment income as investments on the statements of financial position.

9. ENDOWMENTS

The Center's endowment consists of donor-restricted funds established to satisfy program expense needs. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date to the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as donor restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

9. ENDOWMENTS (CONT.)

The remaining portion of the donor-restricted endowment fund is classified as donor restricted net assets, until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center 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 the organization 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 the Center;
7. The investment policies of the Center

<u>Return Objectives and Risk Parameters</u>

The Board of Directors has delegated responsibility of the oversight of its endowment assets to the investment committee for the following:

- Development of sound and consistent investment policies and guidelines;
- Establishing reasonable and prudent investment objectives;
- Identifying, selecting and allocating asset categories and determining the asset mix of all assets;
- Periodically reviewing the suitability of the investments; and
- Making changes to any of the above.

The Center's adopted investment and spending policies for endowment assets attempt 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 those assets of donor-restricted funds that the center must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that may be characterized as moderate growth. The philosophy is aimed at the preservation and safety of principal with long term reasonable growth as an ideal. In order to maintain the safety of principal with moderate growth and without risking wide swings in principal value, it is necessary to maintain an investment in a variety of assets.

<u>Strategies Employed for Achieving Objectives</u>

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

9. ENDOWMENTS (CONT.)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center has a policy of appropriating for distribution each year the allowable amount per the endowment agreements. In establishing this policy, the Center considered the long term expected return on its endowments. Accordingly, over the long term, the Center expects the current spending policy to allow its endowments to grow. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets, as well as to preserve and increase the assets

As of December 31, 2025, the Center had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 535,000	$ 535,000
Accumulated investment gains	-	134,992	134,992
December 31, 2025, endowment net assets	$ -	$ 669,992	$ 669,992

As of December 31, 2024, the Center had the following endowment net asset composition by type of fund:

	Without Donor Restriction	With Donor Restriction	Total
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 535,000	$ 535,000
Accumulated investment gains	-	127,230	127,230
December 31, 2024, endowment net assets	$ -	$ 662,230	$ 662,230

9. ENDOWMENTS (CONT.)

Changes in endowment net assets for the year ended December 31, 2025, consist of the following:

	Original gift amount	Accumulated gains and other	Total with donor restriction
Endowment net assets, beginning of year	$ 535,000	$ 127,230	$ 662,230
Investment return, net of fees	-	29,015	29,015
Amounts appropriated for expenditure	-	(21,253)	(21,253)
December 31, 2025, endowment net assets	$ 535,000	$ 134,992	$ 669,992

Changes in endowment net assets for the year ended December 31, 2024, consist of the following:

	Original gift amount	Accumulated gains and other	Total with donor restriction
Endowment net assets, beginning of year	$ 535,000	$ 129,458	$ 664,458
Investment return, net of fees	-	19,747	19,747
Amounts appropriated for expenditure	-	(21,975)	(21,975)
December 31, 2024, endowment net assets	$ 535,000	$ 127,320	$ 662,230

Funds with Deficiencies:

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

At December 31, 2025 and 2024, there were no funds with deficiencies.

10. EMPLOYEE BENEFITS

The Organization's fringe benefit package is offered to all full-time employees who are regularly scheduled to work at least thirty (30) hours per week. These benefits include medical insurance, dental insurance, prescription drug plan and group term life insurance. For the years ended June 30, 2025 and 2024 total benefits expenses incurred by the Center were $95,393 and $101,686 respectively.

The Center's Safe Harbor 401(k) plan provides for a matching contribution of 3% of an eligible participant's compensation. Eligibility requirements include, but are not limited to, those employees who are at least 21 years of age, have worked at least 1,000 hours and have at least one year of service. For the years ended December 31, 2025 and 2024, the Center made total contributions (including non-elective) on behalf of its employees that totaled $30,880 and $29,298 respectively.

11. RISK AND UNCERTAINTIES

Support and revenue
For the years ended December 31, 2025 and 2024, the Center received support and non-cash contributions revenue from one major donor of approximately $673,741 (27%) and $618,392 (37%), as detailed in Note 13.

Credit Risk
The Center maintains its cash in bank deposit accounts at high credit quality financial institutions. Cash and cash equivalents that potentially subject the Center to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Interest and non-interest bearing accounts are insured up to $250,000 per depositor. During any given year, cash and cash equivalents held in banks may exceed FDIC limits.

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, the Center maintains cash reserve funds in the form of investments derived from excess funds accumulated to be available in the event of unexpected financial crisis. The Center strives to keep a minimum balance of cash on hand to meet the ongoing financial obligations. Excess funds are deposited in investments to maximize earned interest opportunities and in Level 1, mutual funds. Interest rates and investment options are reviewed regularly by management and the board of directors to determine the best investment options. Management anticipates meeting general expenditures within one year of the date of the statement of financial position with the funding provided by donors and program service income.

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONT.)

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use:

	2025	2024
Financial assets at year-end	$ 8,216,953	$ 7,508,975
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted funding	1,003,766	662,230
Prepaid expenses	3,066	2,790
Financial assets available to meet cash needs for general expenditure within one year	$ 7,210,121	$ 6,843,955

13. RELATED PARTY TRANSACTIONS

The Center has transactions with its founding board member's foundation. The founding board member's son serves on the board of both the Center and the foundation. Details of the related transactions are described in Note 11.

14. PRIOR PERIOD ADJUSTMENT

During 2025, the Center identified an error in its previously issued financial statements for the year ended December 31, 2024 related to the omission of a $60,392 accrual for earned but unused compensated absences. The error understated accrued salaries and taxes and salaries expense and overstated the change in net assets and net assets without donor restrictions for 2024.

15. SUBSEQUENT EVENTS

Management has evaluated events through the date of the independent auditor's report, the date the financial statements were available to be issued and has determined that there are no subsequent events requiring recording or disclosure in these financial statements.

ADLER APHASIA CENTER, INC

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS OF DECEMBER 31, 2025

Grantor/ Program title/ Pass-through grantor/ Program Title	Federal Assistance Number	State Grant/ Contract Number	Grant Period	Grant Award	Passed Through to Subrecipients	Current Year's Expenditures
New Jersey Department of Health, Division of Family Health Services						
Dedicated Grant-in-Aid 2025	n/a	MGMT25GIA012	07/01/24-06/30/25	$ 100,000	$ -	$ 50,000
Dedicated Grant-in-Aid 2026	n/a	MGMT26GIA021	07/01/25-06/30/26	$ 200,000	-	100,000
Total State Expenditures					**$ -**	**$ 150,000**

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2025

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedules of state awards include the state grant activity of the Center and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of *New Jersey Office of Management and Budget Circular Letter 25-12*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2025, the Center did not provide any funds relating to their state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The Center did not elect to use the de minimis cost rate when allocating indirect costs to state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2025, the Center did not have any federal or state loan guarantee programs.

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INDEPENDENT AUDITORS' 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*

To the Board of Directors
Adler Aphasia Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Adler Aphasia Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Adler Aphasia Center'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 Adler Aphasia Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Adler Aphasia Center'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 the entity'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adler Aphasia Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steven T. Cirillo CPA LLC

Westwood, New Jersey
August 11, 2026