Financial Statements
December 31, 2023 and 2022

Nexus – Kindred Family Healing

eidebailly.com

Independent Auditor's Report

The Board of Directors
Nexus – Kindred Family Healing
Plymouth, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nexus – Kindred Family Healing (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Eide Bailly LLP

Minneapolis, Minnesota
April 30, 2024

	2023	2022
Current Assets		
Cash and cash equivalents	$ 301,506	$ 322,560
Accounts receivable	453,931	650,096
Grants receivable	124,002	640
Prepaid expenses	5,332	7,797
Total current assets	884,771	981,093
Noncurrent Assets		
Equipment, net	26,587	19,236
Operating right of use asset	256,829	231,507
Other	2,119	2,119
Total noncurrent assets	285,535	252,862
Total assets	$ 1,170,306	$ 1,233,955
Current Liabilities		
Accounts payable	$ 176,988	$ 281,705
Due to affiliates	3,237,663	2,731,957
Accrued salaries and benefits	168,827	194,815
Refundable advances	63,383	189,269
Current maturities of operating lease liabilities	110,853	180,558
Other accrued expenses	20,396	32,837
Total current liabilities	3,778,110	3,611,141
Noncurrent Liabilities		
Operating lease liabilities, less current maturities	145,976	50,949
Total liabilities	3,924,086	3,662,090
Net Assets		
Without donor restrictions	(2,753,780)	(2,440,602)
With donor restrictions	-	12,467
Total net assets	(2,753,780)	(2,428,135)
Total liabilities and net assets	$ 1,170,306	$ 1,233,955

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contract revenue, net	$ 4,896,175	$ -	$ 4,896,175
Contribution and grant revenue	602,691	-	602,691
Other	20,869	-	20,869
Net assets released from restrictions	12,467	(12,467)	-
Total revenue, support, and gains	5,532,202	(12,467)	5,519,735
Expenses			
Program services expense			
Foster care and adoption services	4,462,058	-	4,462,058
Management and general	1,352,591	-	1,352,591
Fundraising	30,731	-	30,731
Total expense	5,845,380	-	5,845,380
Change in Net Assets	(313,178)	(12,467)	(325,645)
Net Assets, Beginning of Year	(2,440,602)	12,467	(2,428,135)
Net Assets, End of Year	$ (2,753,780)	$ -	$ (2,753,780)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contract revenue, net	$ 5,338,755	$ -	$ 5,338,755
Contribution and grant revenue	462,800	22,517	485,317
Other	424	-	424
Net assets released from restrictions	30,393	(30,393)	-
Total revenue, support, and gains	5,832,372	(7,876)	5,824,496
Expenses			
Program services expense			
Foster care and adoption services	4,789,972	-	4,789,972
Management and general	1,347,154	-	1,347,154
Fundraising	36,675	-	36,675
Total expense	6,173,801	-	6,173,801
Change in Net Assets	(341,429)	(7,876)	(349,305)
Net Assets, Beginning of Year	(2,099,173)	20,343	(2,078,830)
Net Assets, End of Year	$ (2,440,602)	$ 12,467	$ (2,428,135)

	Foster Care and Adoption Services	Management and General	Fundraising	Total
Salaries and Wages	$ 1,491,602	$ 218,687	$ -	$ 1,710,289
Employee Benefits and Payroll Taxes	151,505	75,546	-	227,051
Total personnel cost	1,643,107	294,233	-	1,937,340
Foster Care Services	2,403,982	66	-	2,404,048
Administrative Fees	-	276,248	-	276,248
Building Rent	155,406	-	-	155,406
Auto and Travel	127,708	28,566	-	156,274
Accounting and Audit	7,416	41,469	-	48,885
Office Expense	32,757	63,899	-	96,656
Insurance	20,388	44,488	-	64,876
Licenses, Dues, and Fees	1,051	36,947	-	37,998
Utilities	34,222	7,766	-	41,988
Allocation to Nexus Foundation	-	-	30,731	30,731
Depreciation	986	17,925	-	18,911
Hiring Expense	3,038	5,801	-	8,839
Resident Supplies	16,178	-	-	16,178
Client Recreation Expense	1,446	-	-	1,446
Contract Labor	-	520,821	-	520,821
Staff Development	4,454	4,258	-	8,712
Consulting	-	7,792	-	7,792
Community Services	54	386	-	440
Maintenance	104	1,926	-	2,030
Youth Without Resources	9,761	-	-	9,761
Total expense	$ 4,462,058	$ 1,352,591	$ 30,731	$ 5,845,380

	Foster Care and Adoption Services	Management and General	Fundraising	Total
Salaries and Wages	$ 1,561,954	$ 383,160	$ -	$ 1,945,114
Employee Benefits and Payroll Taxes	152,715	105,126	-	257,841
Total personnel cost	1,714,669	488,286	-	2,202,955
Foster Care Services	2,659,600	4,335	-	2,663,935
Administrative Fees	-	321,492	-	321,492
Building Rent	143,993	12,683	-	156,676
Auto and Travel	118,838	(7,375)	-	111,463
Accounting and Audit	7,763	35,063	-	42,826
Office Expense	30,341	39,854	-	70,195
Insurance	16,476	45,100	-	61,576
Licenses, Dues, and Fees	510	41,758	-	42,268
Utilities	34,294	8,682	-	42,976
Allocation to Nexus Foundation	-	-	36,675	36,675
Depreciation	961	11,424	-	12,385
Hiring Expense	9,756	18,032	-	27,788
Resident Supplies	17,179	-	-	17,179
Client Recreation Expense	1,380	-	-	1,380
Contract Labor	-	181,563	-	181,563
Staff Development	28,410	4,859	-	33,269
Consulting	-	139,769	-	139,769
Community Services	88	436	-	524
Maintenance	5,714	1,193	-	6,907
Total expense	$ 4,789,972	$ 1,347,154	$ 36,675	$ 6,173,801

	2023	2022
Cash Flows used for Operating Activities		
Change in net assets	$ (325,645)	$ (349,305)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	18,911	12,385
Changes in operating assets and liabilities		
Accounts receivable	196,165	(68,845)
Grants receivable	(123,362)	(640)
Prepaid expenses	2,465	(1,233)
Accounts payable	(104,717)	65,652
Accrued salaries and benefits	(25,988)	(13,840)
Refundable advances	(125,886)	189,269
Other accrued expenses	(12,441)	(5,972)
Net Cash used for Operating Activities	(500,498)	(172,529)
Cash Flows used for Investing Activities		
Purchase of fixed assets	(26,262)	(3,868)
Cash Flows from Financing Activities		
Loan from affiliates, net	505,706	276,680
Net Cash from Financing Activities	505,706	276,680
Net Change in Cash and Cash Equivalents	(21,054)	100,283
Cash and Cash Equivalents, Beginning of Year	322,560	222,277
Cash and Cash Equivalents, End of Year	$ 301,506	$ 322,560
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Lease liabilities arising from obtaining right of use assets	$ 215,256	$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Nexus – Kindred Family Healing (the Organization) is a nonprofit Minnesota corporation, other than a private foundation, organized pursuant to Chapter 317 of Minnesota statutes and is exempt from federal income taxes under code section 501(c)(3).

Mission

The Organization provides foster care, family-based therapy for children not in foster care and adoption placement services, and counseling for foster care and adoptive families in Minnesota. The programs are accomplished by specially trained foster parents and families that are supported by professional social workers.

Related Party Activity

The Organization is part of an affiliated nonprofit group that shares common management through affiliation agreements and agreements for administrative services. Other members of this affiliated nonprofit group are: Nexus Family Healing, Nexus Diversified Community Services, Nexus – PATH Family Healing, Nexus – FACTS Family Healing, Nexus Foundation for Family Healing, Nexus – Woodbourne Family Healing, and Woodbourne Center Charitable Trust. Transactions entered into with these affiliates have been identified within these financial statements as related party transactions (Note 8). Based on the nature of the relationship with above noted entities, there are no requirements to consolidate these entities into our financial statements.

Basis of Accounting

The financial statements contained herein have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for, nor restricted by, donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances, net of the allowance for credit losses, and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized, and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and write off delinquent receivables when deemed uncollectable. Management determines the allowance for credit losses based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year.

Effective January 1, 2023, the Organization adopted the Accounting Standard Update No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The Organization elected to apply the guidance as of January 1, 2023, the beginning of the adoption period. There were no material changes to the financial statements as a result of this adoption.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for receivables held at December 31, 2023, because the composition of the account receivables at those dates is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its clients and payors and its lending practices have not changed significantly over time). Additionally, management has determined that the current, reasonable, and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2023 and 2022, totaled $0. There were no write offs or recoveries during December 31, 2023.

Grant Receivables

Grants receivable expected to be collected within one year are recorded at net realizable value. Grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The Organization determines the allowance for uncollectable receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grant receivables are written off when deemed uncollectable. No allowance for credit losses was warranted as of December 31, 2023 and 2022. All grants as of December 31, 2023 and 2022, were expected to be collected within one year.

Equipment

Equipment additions over $500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Net Assets

Net Assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. A donation is released from restriction when it is spent for its specific purpose, or when a donor restriction expires, that is, when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization did not have any net assets with donor-imposed restrictions that are perpetual in nature.

Revenue and Revenue Recognition

The Organization recognizes revenue from contract revenue as the services are provided. Contract revenue includes revenues from foster care, case management, and adoption services. The performance obligation of delivering goods and services is simultaneously received and consumed by the clients/customers; therefore, the revenue is recognized over time as these performance obligations are satisfied.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The balance of refundable advances at January 1, 2022, was $0.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2023 and 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Depreciation expense is allocated on a square footage basis. All other expenses are allocated on the basis of estimates of time and effort or actual expenses.

Income Taxes

The Organization is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been determined not to be a private foundation under Sections 509(a)(2). The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS on an annual basis. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose. Management has determined it is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes they have appropriate support for any tax positions taken affecting its annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. Management would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization’s mission.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2023 and 2022, the Organization had $58,615 and $101,576, respectively, in excess of FDIC-insured limits.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through April 30, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise of the following:

	2023	2022
Cash and cash equivalents	$ 301,506	$ 310,093
Receivables	577,933	650,736
	$ 879,439	$ 960,829

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has financial assets available to meet general expenditures over the next 12 months. Please see the Organization's statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the year ended December 31, 2023 and 2022.

Note 3 - Equipment

Equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Equipment	$ 189,324	$ 159,367
Construction in progress	-	3,868
	189,324	163,235
Less accumulated depreciation	(162,737)	(143,999)
Total equipment, net	$ 26,587	$ 19,236

Depreciation expense totaled $18,911 and $12,385 for the years ended December 31, 2023 and 2022, respectively.

Note 4 - Major Customers

A major portion of our operations is dependent upon two large customers. The loss of these customers could have a material adverse effect on our operations. During the year ended December 31, 2023, one customer accounted for $559,419 or 11% of contract revenue, and during the year ended December 31, 2022, these two customers accounted for $1,283,737 or 22% of contract revenue. In addition, these customers accounted for $102,556 or 29%, and $187,200 or 29%, of accounts receivable as of December 31, 2023 and 2022, respectively.

Note 5 - Leases

The Organization leases office space, vehicles, and equipment under various operating leases, expiring at various dates through 2028. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for all classes of leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Operating lease cost	$ 194,306	$ 212,744

The following summarizes the supplemental cash flow information for the years ended December 31, 2023 and 2022:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 194,306	$ 212,744

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term		
Operating leases	2.3 Years	1.1 Years
Weighted-average discount rate		
Operating leases	3.04%	1.30%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

December 31,	Amount
2024	$ 110,853
2025	93,471
2026	51,295
2027	7,266
2028	6,660
Total lease payments	269,545
Less interest	(12,716)
Present value of lease liabilities	$ 256,829

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2023 and 2022:

	2023	2022
Mattress funds	$ -	$ 12,467

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time, or other events specified by the donors as follows as follows during the years ended December 31, 2023 and 2022:

	2023	2022
Kindred CARES	$ -	$ 8,856
Mattress funds	12,467	52
Various	-	21,485
	$ 12,467	$ 30,393

Note 7 - Related Party Transactions

The Organization had the following transactions with our affiliated companies (see Note 1) for the years ended December 31, 2023 and 2022:

	2023	2022
Due to affiliates as of January 1	$ (2,731,957)	$ (2,455,277)
Charges for various operational expenses	(961,714)	(852,251)
Charges for management services provided by Nexus Diversified Community Services	(276,248)	(321,492)
Payments to affiliates	732,256	897,063
Due to affiliates as of December 31	$ (3,237,663)	$ (2,731,957)

During the year ended December 31, 2023, there was grant revenue of approximately $17,500 from an affiliate. Amounts due to/from affiliates do not accrue interest income or expense.

Note 8 - Employee Benefits

The Organization participates in the Nexus Family Healing tax-deferred retirement plan (the Plan) qualified under Section 401(k) of the Internal Revenue Code, covering substantially all full-time employees. Under the Plan, the Organization matches employee elective deferrals 100% for the first 1% of wages deferred, and 50% additional deferrals up to a maximum of 6%. Employee deferrals vest immediately; employer matching contributions vest after two years. During the years ended December 31, 2023 and 2022, the Organization matched employee elective deferrals by contributing $46,988 and $48,678 to the Plan, respectively.

Note 9 - Revenue from Contracts with Customers

The following represents contract revenue, as reported on the statement of activities, disaggregated by type, for the years ended December 31, 2023 and 2022:

	2023	2022
Foster care services	$ 4,403,796	$ 4,773,656
Adoption services	492,379	565,099
	$ 4,896,175	$ 5,338,755

Note 10 - Management's Plans for Operations

Management has evaluated the current situation of Nexus – Kindred Family Healing in light of past negative net asset balances and identified the key drivers of the negative trend. The contribution margin provided by Nexus – Kindred Family Healing was negative in 2021, 2022 and 2023 primarily due to its foster care census and unsustainable reimbursement rate. While foster care licensing has increased, Nexus – Kindred Family Healing has been challenged to place clients with the newly licensed parents. There is a belief that children have higher acuity/needs which has been a deterrent for prospective foster families. Also, up until 2024, management has been unable to negotiate a sustainable reimbursement rate with the host county. Nexus – Kindred Family Healing has reduced staffing as best it can to more properly align with its foster care census to account for the reduced census and unsustainable rate. In late 2023, management successfully negotiated an 18% reimbursement rate increase from the host county (effective January 1, 2024) that has resulted in financial sustainability of Nexus – Kindred Family Healing. This will allow it to continue to provide valuable treatment foster care, adoption and community-based services additional specialized services in early childhood mental health.