Consolidated Financial Statements
December 31, 2023 and 2022

Nexus Family Healing

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Independent Auditor's Report

To the Board of Directors
Nexus Family Healing
Plymouth, Minnesota

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Nexus Family Healing (and Affiliates, hereafter referred to as Nexus Family Healing), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nexus Family Healing 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 Qualified Opinion

As described in Note 1 to the consolidated financial statements, Nexus Family Healing has elected not to consolidate Nexus – Woodbourne Family Healing due to Nexus – Woodbourne Family Healing operating under a June 30 fiscal year end. The financial statements of Nexus – Woodbourne Family Healing as of and for the year ended June 30, 2023, were audited by Eide Bailly LLP, whose report dated February 6, 2024, expressed an unmodified opinion on those statements. In our opinion, accounting principles generally accepted in the United States of America require consolidation of this entity in the consolidated financial statements of Nexus Family Healing. The effects of not consolidating this entity is more fully described in Note 1 to the consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Nexus Family Healing 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Nexus Family Healing'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nexus Family Healing's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Supplementary Statement of Financial Position and Statement of Activities of Nexus Family Healing is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Minneapolis, Minnesota

	2023	2022
Current Assets		
Cash and cash equivalents	$ 12,809,325	$ 13,309,124
Operating investments	41,723,930	37,412,885
Accounts receivable, net of allowance for credit losses of [$259,778 in 2023 and $161,168 in 2022]	13,345,483	13,282,409
Grants receivable	480,178	-
Prepaid expenses and other current assets	570,809	621,790
Total current assets	68,929,725	64,626,208
Noncurrent Assets		
Property and equipment, net	53,670,929	33,640,774
Related party receivables	1,040,727	352,840
Investments - other long term	398,118	816,054
Operating right of use asset	5,208,890	2,562,184
Other assets	28,686	2,119
Goodwill	806,316	806,316
Total noncurrent assets	61,153,666	38,180,287
Total assets	$ 130,083,391	$ 102,806,495
Current Liabilities		
Current portion - bonds and notes payable	$ 1,674,444	$ 2,104,701
Accounts payable, other accrued expenses, and other liabilities	2,704,671	4,095,084
Contract advance payments	4,016,089	2,086,781
Accrued salaries and benefits	6,189,641	5,400,758
Current maturities of operating lease liabilities	1,659,940	1,249,707
Total current liabilities	16,244,785	14,937,031
Noncurrent Liabilities		
Bonds and notes payable, net of current portion and debt issuance costs	29,868,332	14,378,463
Operating lease liabilities, less current maturities	3,567,096	1,312,477
Total noncurrent liabilities	33,435,428	15,690,940
Total liabilities	49,680,213	30,627,971
Net Assets		
Without donor restrictions	79,395,700	71,079,938
With donor restrictions	1,007,478	1,098,586
Total net assets	80,403,178	72,178,524
Total liabilities and net assets	$ 130,083,391	$ 102,806,495

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support			
Contract revenue, net	$ 82,916,125	$ -	$ 82,916,125
School revenue	10,672,011	-	10,672,011
School food revenue	512,779	-	512,779
Administrative fees	1,638,200	-	1,638,200
Other program income	1,318,534	-	1,318,534
Contribution and grant revenue	4,697,380	1,178,192	5,875,572
Contribution of nonfinancial asset	3,361,710	-	3,361,710
Net investment return	4,401,148	-	4,401,148
Special events, net	201,576	-	201,576
Gain on sale	3,866	-	3,866
Miscellaenous revenue	50,596	-	50,596
Net assets released from restrictions	1,269,300	(1,269,300)	-
Total revenue, gains, and support	111,043,225	(91,108)	110,952,117
Expenses			
Program services expense	80,446,136	-	80,446,136
Supporting services expense			
Management and general	21,167,362	-	21,167,362
Fundraising	1,113,965	-	1,113,965
Total expense	102,727,463	-	102,727,463
Change in Net Assets	8,315,762	(91,108)	8,224,654
Net Assets, Beginning of Year	71,079,938	1,098,586	72,178,524
Net Assets, End of Year	$ 79,395,700	$ 1,007,478	$ 80,403,178

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support			
Contract revenue, net	$ 80,347,469	$ -	$ 80,347,469
School revenue	9,086,755	-	9,086,755
School food revenue	542,816	-	542,816
Administrative fees	1,329,689	-	1,329,689
Other program income	1,463,116	-	1,463,116
Contribution and grant revenue	3,708,789	1,415,000	5,123,789
Net investment loss	(4,337,421)	-	(4,337,421)
Special events, net	191,819	-	191,819
Gain on sale	1,655	-	1,655
Net assets released from restrictions	1,053,378	(1,053,378)	-
Total revenue, gains, and support	93,388,065	361,622	93,749,687
Expenses			
Program services expense	80,498,442	-	80,498,442
Supporting services expense			
Management and general	16,746,269	-	16,746,269
Fundraising	1,065,182	-	1,065,182
Total expense	98,309,893	-	98,309,893
Change in Net Assets	(4,921,828)	361,622	(4,560,206)
Cumulative effect of change in accounting principle	203,849	-	203,849
Net Assets, Beginning of Year	75,797,917	736,964	76,534,881
Net Assets, End of Year	$ 71,079,938	$ 1,098,586	$ 72,178,524

	Residential Treatment and Mental Health Services	Foster Care and Adoption Services	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 47,912,896	$ 6,021,355	$ 53,934,251	$ 10,645,511	$ 1,536,323	$ 66,116,085
Employee Benefits and Payroll Taxes	3,510,768	1,194,378	4,705,146	2,706,695	146,591	7,558,432
Total personnel cost	51,423,664	7,215,733	58,639,397	13,352,206	1,682,914	73,674,517
Foster Care Services	27,253	5,648,093	5,675,346	1,745	-	5,677,091
Depreciation and Amortization	2,152,309	102,287	2,254,596	300,526	-	2,555,122
Building Rent	214,968	847,057	1,062,025	686,816	-	1,748,841
Contract Labor	1,908,340	5,067	1,913,407	1,456,364	-	3,369,771
Utilities	1,251,733	159,255	1,410,988	310,308	3,479	1,724,775
Auto and Travel	622,574	389,470	1,012,044	575,889	18,762	1,606,695
Insurance	1,199,736	208,467	1,408,203	412,863	31,334	1,852,400
Client Food	1,674,025	-	1,674,025	183	-	1,674,208
Office Expense	833,036	127,615	960,651	646,906	65,892	1,673,449
Consulting	(92,712)	248,158	155,446	455,584	26,113	637,143
Professional Services Fees	353,399	60,941	414,340	707,494	34,060	1,155,894
Interest	910,542	11,845	922,387	8,721	-	931,108
Licenses, Dues, and Fees	331,895	71,520	403,415	343,399	47,140	793,954
Resident Supplies	502,163	478,468	980,631	-	-	980,631
Maintenance	184,101	58,023	242,124	709,780	-	951,904
Staff Development	79,756	66,245	146,001	239,562	53	385,616
Client Recreation Expense	243,859	2,712	246,571	221	-	246,792
Hiring Expense	151,900	9,639	161,539	122,762	150	284,451
Credit Losses	161,105	14,230	175,335	98,610	-	273,945
Testing and Evaluation	45,217	523	45,740	153	-	45,893
Books and Subscriptions	40,320	241	40,561	9,241	124	49,926
School Supplies and Equipment	98,950	-	98,950	-	-	98,950
Reentry Facility	93,561	-	93,561	-	-	93,561
Youth Without Resources	-	9,631	9,631	-	33,442	43,073
Contribution Expense and Fundraising Allocation	125,820	89,319	215,139	617,094	(832,233)	-
Community Services	84,083	-	84,083	110,935	2,735	197,753
Total expense	$ 64,621,597	$ 15,824,539	$ 80,446,136	$ 21,167,362	$ 1,113,965	$ 102,727,463

	Residential Treatment and Mental Health Services	Foster Care and Adoption Services	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 44,264,225	$ 7,360,048	$ 51,624,273	$ 8,763,997	$ 1,314,265	$ 61,702,535
Employee Benefits and Payroll Taxes	3,691,281	1,387,239	5,078,520	1,667,780	121,432	6,867,732
Total personnel cost	47,955,506	8,747,287	56,702,793	10,431,777	1,435,697	68,570,267
Foster Care Services	-	6,704,132	6,704,132	19,000	-	6,723,132
Depreciation and Amortization	1,941,713	113,811	2,055,524	321,073	-	2,376,597
Building Rent	211,363	895,172	1,106,535	894,316	-	2,000,851
Contract Labor	1,003,499	41,364	1,044,863	872,454	47,568	1,964,885
Utilities	1,275,130	197,859	1,472,989	269,031	6,697	1,748,717
Auto and Travel	574,208	434,461	1,008,669	326,510	25,804	1,360,983
Insurance	1,106,563	210,773	1,317,336	312,154	29,808	1,659,298
Client Food	1,520,741	135,117	1,655,858	891	-	1,656,749
Office Expense	926,180	187,862	1,114,042	337,056	30,054	1,481,152
Consulting	1,435,257	530,169	1,965,426	220,408	13,615	2,199,449
Professional Services Fees	358,169	65,278	423,447	559,030	18,429	1,000,906
Interest	583,120	19,221	602,341	16,227	-	618,568
Licenses, Dues, and Fees	359,735	46,860	406,595	311,746	39,228	757,569
Resident Supplies	234,307	882,817	1,117,124	-	135	1,117,259
Maintenance	(27,251)	87,830	60,579	804,405	-	864,984
Staff Development	133,421	65,996	199,417	149,202	6,117	354,736
Client Recreation Expense	232,846	2,273	235,119	14,350	-	249,469
Hiring Expense	221,920	18,637	240,557	134,856	533	375,946
Credit Losses	186,183	9,385	195,568	-	-	195,568
Testing and Evaluation	34,075	127	34,202	407	-	34,609
Books and Subscriptions	55,986	613	56,599	10,740	1,586	68,925
School Supplies and Equipment	337,442	-	337,442	4,584	-	342,026
Reentry Facility	84,628	-	84,628	-	-	84,628
Youth Without Resources	918	-	918	-	41,816	42,734
Contribution Expense and Fundraising Allocation	245,594	16,969	262,563	478,452	(667,511)	73,504
Community Services	93,088	88	93,176	257,600	35,606	386,382
Total expense	$ 61,084,341	$ 19,414,101	$ 80,498,442	$ 16,746,269	$ 1,065,182	$ 98,309,893

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 8,224,654	$ (4,356,357)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,555,122	2,376,597
(Gain) loss on disposition of assets	3,866	(10,717)
(Gain) loss on investments	(4,616,589)	4,148,267
Credit losses	273,945	195,568
Interest expense attributable to amortization of debt issuance costs	28,376	22,252
Contributed property and equipment capitalized	(3,300,000)	-
Changes in operating assets and liabilities		
Accounts receivable	(337,019)	(1,755,396)
Grants receivable	(480,178)	-
Prepaid expenses and other current assets	24,414	(102,334)
Related party receivable	(687,887)	2,268,689
Operating lease assets and liabilities	18,146	-
Accounts payable, other accrued expenses, and other liabilities	(1,390,413)	1,115,954
Contract advance payments	1,929,308	1,321,773
Accrued salaries and benefits	788,883	403,610
Net Cash from Operating Activities	3,034,628	5,627,906
Cash Flows used for Investing Activities		
Purchases of property and equipment	(19,289,143)	(1,342,118)
Proceeds from sales of property and equipment	-	59,300
Purchase of investments	(207)	(430,794)
Proceeds from sale of investments	723,687	271,684
Net Cash used for Investing Activities	(18,565,663)	(1,441,928)
Cash Flows from (used for) Financing Activities		
Proceeds from issuance of notes payable	17,500,000	1,000,000
Principal payments on bonds and notes payable	(2,468,764)	(1,937,307)
Net Cash from (used for) Financing Activities	15,031,236	(937,307)
Net Change in Cash and Cash Equivalents	(499,799)	3,248,671
Cash and Cash Equivalents, Beginning of Year	13,309,124	10,060,453
Cash and Cash Equivalents, End of Year	$ 12,809,325	$ 13,309,124
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 902,732	$ 596,316
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Lease liabilities arising from obtaining right of use assets	$ 1,714,905	$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Nexus Family Healing (Nexus or 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).

The Organization provides critical family and child services and support in communities in Minnesota, North Dakota, Illinois, and Maryland. Many children are in need of services, including mental health, foster care, substance abuse, school-based services, child welfare, juvenile justice, and in-home support. Through a unique practice model centered on youth and families at the core, the Organization's growing continuum of care provides a broad spectrum of services in cases of immediate need as well as in the long run, in both residential and nonresidential settings. Nexus' mission is to strengthen lives, families, and communities through cornerstone values of honesty, responsibility, courage, care, and concern.

Affiliates, Principles of Consolidation, and Excluded Entities

Nexus provides services through its direct programmatic activities and the activities of its affiliated entities (Affiliates). Under generally accepted accounting principles, because they have both control and an economic interest in the Affiliates, they must be consolidated into the financial statements. However, the accompanying financial statements do not include all Affiliates, as indicated in the below table:

	Included in Financial Statements	Excluded from Financial Statements
Nexus Family Healing	✕	
Gerard Academy	✕	
Mille Lacs Academy	✕	
Onarga Academy	✕	
Indian Oaks Academy	✕	
SERCC	✕	
Aspen House	✕	
East Bethel	✕	
Waldon Crossing	✕	
Nexus Foundation for Family Healing	✕	
Nexus - FACTS Family Healing	✕	
Nexus Diversified Community Services	✕	
Nexus - Kindred Family Healing	✕	
Nexus - PATH Family Healing	✕	
Nexus - Woodbourne Family Healing and Woodbourne Center Charitable Trust		✕

Summary financial information for unconsolidated Affiliates is as follows:

	Total Assets	Total Liabilities	Total Revenue	Total Expenses
Nexus - Woodbourne Family Healing (1)	$ 12,864,203	$ 2,747,308	$ 20,444,835	$ 20,047,750

(1) Financial data per the entities' audited financial statements for the year ended June 30, 2023. There were no significant changes in operations for the year ended December 31, 2023.

Because Nexus – Woodbourne Family Healing is not consolidated into the consolidated financial statements, this is considered a departure from accounting principles generally accepted in the United States of America. The financial statements of Nexus – Woodbourne Family Healing as of and for the year ended June 30, 2023, were audited by Eide Bailly LLP, whose report dated February 6, 2024, expressed an unmodified opinion on those statements.

All significant intercompany accounts and transactions with affiliates included in the consolidated financial statements have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “Nexus”.

Basis of Accounting

The consolidated 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, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Under an agreement with the workers’ compensation insurance carrier for the Nexus treatment facilities in the state of Illinois, the Organization is required to maintain $100,000 in a bank account to fund potential future claims. The insurance carrier has the authority to withdraw funds from this account as claims arise. As of December 31, 2023, the balance in this account was $97,018, and is included in cash and cash equivalents in the accompanying consolidated financial statements. Nexus is working to restore the balance to $100,000.

Investments and Net Investment Return (Loss)

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values in the consolidated statements of financial position. Contributed investments are reported at fair value at the date of contribution. Highly liquid financial instruments such as certificates of deposit with original maturities over 90 days, but less than one year, are included in current investments on the consolidated statements of financial position. Certificates of deposit with maturities over one year are presented as noncurrent investments. See Note 4 for a discussion of fair value measurements.

Net investment return (loss) includes Nexus' gains and losses on investments bought and sold as well as held during the year, net of investment expenses. Investment income and gains on investments are reported as increases in net assets without donor restrictions unless there are donor restrictions, in which case they would be classified as net assets with donor restrictions until the restrictions are met by either passage of time or by use. Purchases and sales of securities are reflected on a trade date basis. Interest income is recognized when earned. Dividend income is recorded when received.

Receivables and Allowance for Credit Losses

Accounts receivables and other are uncollateralized, noninterest bearing client and third-party payor obligations. Payments of accounts receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim. Amounts outstanding for more than 30 days are considered delinquent. 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. Unapplied accounts receivables consist of payments collected, not yet applied to accounts receivable balances.

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 $259,778 and $161,168, respectively. There were $273,945 in write offs and no recoveries during 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.

Property and Equipment

Property and equipment are stated at cost when purchased or if donated, at fair value on the date of donation. Nexus follows the practice of capitalizing all expenditures for property, improvements, and equipment in excess of $500; the fair value of donated property and equipment is similarly capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. 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.

Nexus reviews the carrying values of fixed assets 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 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.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2023 and 2022, the carrying value of the Organization's goodwill was not considered impaired.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method which approximates the effective interest rate method. Debt issuance costs are included within long-term debt on the consolidated statements of financial position. Amortization of debt issuance costs is included in interest expense in the consolidated statements of activities.

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

Contract revenue, school and food revenue, and other program service fee revenue is reported at the amount that reflects the consideration to which Nexus expects to be entitled in exchange for providing client care (which includes residential treatment services, educational services, treatment foster care services, adoption services, and various mental health therapeutic services). These amounts are due from clients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Nexus bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Nexus. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Nexus believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving skilled services. Nexus measures the performance obligation from intake of the client to the point when it is no longer required to provide services to that client. There are no significant revenues with related performance obligations satisfied at a point in time.

Nexus determines the transaction price based on pre-determined charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured clients in accordance with Nexus' policy, and/or implicit price concessions provided to uninsured clients. Nexus determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Nexus determines its estimate of implicit price concessions based on its historical collection experience with this class of clients.

The nature, amount, timing, and uncertainty of revenue and cash flows are affected by several factors that Nexus considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, counties, managed care or other insurance, patient or client) have different reimbursement/payment methodologies.
- Length of a client's service/episode of care.
- Nature or line of service provided by Nexus.

Contract fees and payments under cost-reimbursable contracts and under grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Nexus' contract accounts receivable and deferred revenues (contract advance payments) as of January 1, 2022, were $11,722,581 and $490,655, respectively.

Nexus 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. The Organization received cost-reimbursable grants of $2,198,433 and $2,110,595 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. Amounts that have been received in advance under our federal and state contracts and grants are recognized as contract advance payments.

Administrative Fee Revenue

Revenue is recognized from administrative services as the services are provided. Revenue is earned by Nexus on an annual basis based on 18% and 17% as of December 31, 2023 and 2022, respectively, of the gross payroll of each individual affiliate, plus additional amounts that may be charged to each affiliate in accordance with the administrative services agreements. Amounts on consolidated financial statements represent portion that has not been eliminated.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to 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. Nexus records donated professional services at the respective fair values of the services received. Contributed nonfinancial assets for the year is the difference between the fixed assets recorded at the value of the building, furniture, and furnishings acquired less the amount of debt assumed for the property. The difference between the fair value and debt assumed that was recognized at December 31, 2023, was $3,300,000. Contributions of goods and services were received during the years ended December 31, 2023 and 2022, of $287,520 and $276,328, respectively.

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. The expenses that are allocated include building rent, depreciation, and amortization, which are allocated on a square footage basis. All other expenses that are allocated across more than one function are allocated on the basis of estimates of time and effort.

Income Taxes

Nexus and its related affiliates, except Nexus – FACTS Family Healing, have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Nexus – FACTS Family Healing files a U.S. Corporation Income Tax Return (Form 1120) with the IRS to report its taxable income.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization 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 consolidated 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 consolidated 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

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, insurance companies, individuals, and foundations supportive of the Organization's mission.

A major portion of the Organization's operations is dependent upon one large customer. The loss of this customer could have a material adverse effect on the operations. During the years ended December 31, 2023 and 2022, this customer accounted for approximately 32% and 30%, respectively, of contract revenue.

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 December 31, 2022, the Organization had approximately $13,813,439 and $11,404,716, respectively, in excess of FDIC-insured limits.

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 equivalents	$ 12,809,325	$ 13,309,124
Operating investments	41,723,930	37,412,885
Accounts receivable	13,345,483	13,282,409
Less donor restricted amounts	(1,007,478)	(1,098,586)
	$ 66,871,260	$ 62,905,832

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 12 months ended December 31, 2023. Additionally, the Organization maintains an $4,000,000 line of credit, as discussed in more detail in Note 5. As of December 31, 2023, $4,000,000 remains available on the Organization's line of credit.

Note 3 - Property and Equipment

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

	2023	2022
Land and improvements	$ 3,325,768	$ 3,325,768
Buildings and improvements	65,996,494	45,026,740
Leasehold improvements	4,320,589	4,038,992
Equipment	8,756,263	7,124,138
Vehicles	1,406,600	1,937,561
Total property and equipment	83,805,714	61,453,199
Less accumulated depreciation	(30,134,785)	(27,812,425)
Total property and equipment, net	$ 53,670,929	$ 33,640,774

Note 4 - Fair Value Measurement

Nexus reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset.

A portion of investment assets are classified within Level 1. They are comprised of mutual funds, money market mutual funds and common stocks with readily determinable fair values based on daily redemption values. Certificates of deposit (cash) and money market funds are invested and traded in the financial markets. Those funds and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 1. Corporate and municipal bonds are valued using pricing models maximizing the use of the observable inputs for similar securities and are classified within Level 2. This includes basing value on yields currently available on comparable securities of issue with similar credit ratings.

The following table presents assets measured at fair value on a recurring basis at December 31, 2023:

	Total	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)
Cash (at cost)	$ 20,832	$ -	$ -
Mutual funds and money market mutual funds	2,245,418	2,245,418	
Corporate bonds	12,594,709		12,594,709
U.S. Government securities	3,389,513	3,389,513	
Common stocks	23,871,576	23,871,576	
Total investments	$ 42,122,048	$ 29,506,507	$ 12,594,709

The following table presents assets measured at fair value on a recurring basis at December 31, 2022:

	Total	Unadjusted Market Inputs (Level 1)	Significant Observable Inputs (Level 2)
Cash (at cost)	$ 82,727	$ -	$ -
Mutual funds and money market mutual funds	1,979,464	1,979,464	-
Corporate bonds	11,747,461	-	11,747,461
Municipal Bonds	13,599	-	13,599
Real Estate investment trusts	1,128	1,128	
U.S. Government securities	3,267,621	3,267,621	-
Common stocks	21,136,939	21,136,939	-
Total investments	$ 38,228,939	$ 26,385,152	$ 11,761,060

Note 5 - Line of Credit

During 2023, Nexus entered into a $4,000,000 revolving line of credit with a bank, with its assets pledged as collateral. Accrued interest is due monthly, and the principal is due on demand. At December 31, 2023 and 2022, the interest rate was 4.25% and $0 was outstanding under the line of credit.

A portion of Nexus' long-term investment portfolio was pledged as collateral for a line of credit issued to the Organization.

Note 6 - Bond and Notes Payable

Indian Oaks Academy Campus

On September 6, 2013, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the Village of Manteno in Illinois. Capital Improvement Revenue Bonds in the amount of $10,000,000 were issued by the Village of Manteno. The primary use of these funds was to purchase and construct a new campus at Nexus Family Healing's Indian Oaks location. Primary collateral for the bonds are buildings, building contents, and land located in the Village of Manteno. Additionally, the bond documents identify a security interest in all operating bank accounts of NDCS and Nexus Family Healing as they pertain to the Indian Oaks Academy operation and accounts receivable of Nexus Family Healing that are related to its Indian Oaks Academy operation.

The bonds are payable in monthly installments over a 20-year period beginning October 1, 2013, and continuing until September 1, 2033, at which point all remaining principal and interest is due. The monthly installment amounts are $53,194 which includes principal and interest at 4.08% per annum. The effective interest rate for 2023 and 2022 is 4.16%.

	2023	2022
Bonds payable	$ 7,173,794	$ 7,549,213
Less unamortized debt issuance cost	(183,460)	(180,231)
Bonds payable, net	$ 6,990,334	$ 7,368,982

Mille Lacs Academy Campus

On November 6, 2015, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the City of Onamia in Minnesota. Healthcare Facilities Revenue Bonds in the amount of $5,000,000 were issued by the City of Onamia. The primary use of these funds was to pay off the original financing and provide current financing for Nexus Family Healing's property at its Mille Lacs Academy Campus. Primary collateral for the bonds are buildings, building contents, and land located in the City of Onamia at Nexus Family Healing's Mille Lacs Academy Campus location.

The bonds are payable in monthly installments over a 13-year period beginning December 6, 2015, and continuing until November 6, 2028, at which point all remaining principal and interest is due. Interest is calculated at 2.86% per annum until November 6, 2022, at which point the rate was adjusted as defined in the bond documents. Interest was adjusted to 4.6% per annum in November 2022. The monthly installment amounts are $40,820, which includes principal and interest. The effective interest rate as of December 31, 2023 and 2022, was approximately 2.90%.

	2023	2022
Bonds payable	$ 2,267,719	$ 2,608,325

Gerard Academy Campus

On December 1, 2015, Nexus Diversified Community Services, with Nexus Family Healing as a guarantor, participated in a municipal bond offering in cooperation with the City of Onamia in Minnesota. Healthcare Facilities Revenue Bonds in the amount of $5,000,000 were issued by the City of Onamia. The primary use of these funds was to pay off the existing bonds and obtain a lower interest rate for Nexus Family Healing's Gerard Academy Campus. Primary collateral for the bonds are buildings, building contents, and land located in the City of Austin at Nexus Family Healing's Gerard Academy Campus location.

The bonds are payable in monthly installments over a 14-year period beginning January 1, 2016, and continuing until December 1, 2029, at which point all remaining principal and interest is due. Interest is calculated at 3.00% per annum until December 1, 2022, at which point the rate is adjusted as defined in the bond documents. On December 1, 2022, the interest rate on the bond was adjusted to a rate per annum equal to 70% times the seven-year LIBOR Swap rate but shall not exceed 4.75%. Interest as of December 31, 2023, was at 4.3%. The monthly installment amounts are $38,357, which includes principal and interest. The effective interest rate for 2023 and 2022 was approximately 3.0%.

	2023	2022
Bonds payable	$ 2,492,878	$ 2,808,162

Notes payable at December 31, 2023 and 2022, consist of the following:

	2023	2022
3.85% note payable, due in monthly installments of $14,672, including interest, through March 25, 2025. The original maturity date was principal due June 2, 2022 and refinanced in March 2022. Secured by property at 1425 21st Avenue, Minot, North Dakota.	$ 214,071	$ 378,288
4.95% note payable, due in quarterly $150,000 installments, plus interest, through January 2024. Secured by assets of the Organization.	300,000	900,000
Business day rate on the U.S. Treasury securities plus 2.3% note payable due in yearly installments of $27,516 plus interest through January 4, 2031.	259,530	291,525
3.25% note payable, See (A) below	302,538	339,834
3.25% note payable, See (B) below	795,615	827,925
4.37% note payable, See (C) below	794,456	960,123
4.56% note payable, See (D) below	9,786,077	-
4.56% note payable, See (E) below	7,339,558	-
	19,791,845	3,697,695
Less portion due within one year	(575,781)	(778,826)
Long-term portion	$ 19,216,064	$ 2,918,869

(A) **Steps of Success – Andover**
On January 4, 2021, Nexus Diversified Community Services obtained a mortgage loan from Bremer Bank in the amount of $408,000 for Andover location. The promissory note is payable in monthly installments of $3,994, which includes principal and interest, over a ten-year period beginning February 1, 2021, and continuing until January 4, 2031. Primary collateral for the loan is the capital asset. Interest is calculated at 3.25% per annum. The effective interest rate for 2023 and 2022 is 3.30%.

(B) **Luther Hall**
On April 9, 2021, Nexus Diversified Community Services obtained a mortgage loan from Bremer Bank in the amount of $880,000 for Luther Hall in North Dakota. The promissory note is payable in monthly installments of $5,008, which includes principal and interest over a ten-year period beginning April 1, 2021, and continuing until April 1, 2031. Primary collateral for the loan is the capital asset. Interest is calculated at 3.25% per annum. The effective interest rate for 2023 and 2022 is 3.30%.

(C) **Gerard Expansion**
On September 2, 2022, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $1,000,000 for the Gerard Expansion. The promissory note is payable in monthly installments of $18,613, which includes principal and interest over a five-year period beginning October 1, 2022, and continuing until September 1, 2027. Primary collateral for the loan is the capital asset. Interest is calculated at 4.37% per annum. The effective interest rate for 2023 and 2022 is 4.46%.

(D) **East Bethel**
In August 2023, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $10,000,000 for East Bethel. The promissory note is payable in monthly installments interest only payments of $28,500 through September 16, 2025, and of $56,025, which includes principal and interest over the remaining period beginning October 16, 2025, and continuing until August 16, 2050. Primary collateral for the loan is the capital asset. Interest is calculated at 4.56% per annum. The effective interest rate for 2023 is 4.66%.

(E) **East Bethel**
In August 2023, Nexus Diversified Community Services obtained a loan from Bremer Bank in the amount of $7,500,000 for East Bethel. The promissory note is payable in monthly installments interest only payments of $28,500 through September 16, 2025, and of $42,019, which includes principal and interest over the remaining period beginning October 16, 2025, and continuing until August 16, 2050. Primary collateral for the loan is the capital asset. Interest is calculated at 4.56% per annum. The effective interest rate for 2023 is 4.66%.

Future maturities of bonds and notes payable are as follows:

Years Ending December 31,	Bonds and Notes Payable
2024	$ 1,674,444
2025	2,247,741
2026	1,893,919
2027	1,911,779
2028	1,794,696
Thereafter	22,578,022
	32,100,601
Less unamortized debt issuance costs	(557,825)
	$ 31,542,776

According to the terms of the bond and note payable agreements, the Organization is subject to various financial covenants that apply to the consolidated entities of Nexus. The bond documents establish minimum levels for cash on hand and net assets. In addition, the Organization is required to meet a minimum debt service coverage ratio of 1.2. The Organization is in compliance with all bond covenants.

Note 7 - Other Revenue

Other revenue on the statements of activities consists of the following for the years ended December 31, 2023 and 2022:

	2023	2022
School and other lease income	$ 355,635	$ 370,915
Medical expense reimbursement	331,973	296,225
Other miscellaneous program revenue	630,926	795,976
Total other revenue	$ 1,318,534	$ 1,463,116

Note 8 - Employee Benefits

The Organization sponsors a 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, Nexus 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 $1,443,987 and $1,285,056, respectively, to the Plan.

Note 9 - Leases

The Organization leases office space, vehicles, and equipment under various operating leases, expiring at various dates through 2032. 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.

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

	2023	2022
Operating lease cost	$ 2,088,547	$ 1,552,055

The following summarizes 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	$ 1,992,523	$ 1,552,055

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	2.53 Years	1.45 Years
Weighted-average discount rate		
Operating leases	2.27%	1.78%

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

Years Ending December 31,	Amount
2024	$ 1,725,010
2025	1,333,947
2026	683,433
2027	471,377
2028	453,367
Thereafter	983,725
Total lease payments	5,650,859
Less interest	(423,823)
Present value of lease payments	$ 5,227,036

Note 10 - Revenue from Contracts with Customers

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

	2023	2022
Residential treatment and related program services	$ 60,857,900	$ 55,388,514
Foster care services	12,702,004	14,388,568
Case management and other therapy services	8,379,079	9,547,343
Adoption services	492,994	567,377
Other	484,148	455,667
	$ 82,916,125	$ 80,347,469

Note 11 - Restricted Net Assets

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

	2023	2022
Youth Without Resources (YWOR)	$ 155,699	$ 168,507
Starfish program	71,659	71,659
Various purpose restrictions	780,120	858,420
	$ 1,007,478	$ 1,098,586

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 during the years ended December 31, 2023 and 2022:

	2023	2022
Youth Without Resources (YWOR)	$ 82,039	$ 28,684
Gerard expansion	-	500,000
Various purpose restrictions	1,187,261	524,694
	$ 1,269,300	$ 1,053,378

Note 12 - Related Party Transactions

Nexus – Woodbourne Family Healing (Woodbourne) operates a treatment facility in Baltimore, Maryland, whose mission and programmatic activity is substantially the same as Nexus. Because Nexus has both control and an economic interest in Woodbourne, but activities of Woodbourne have been excluded from these financial statements (see Note 1), transactions with Woodbourne have not been eliminated in consolidation and are disclosed as related party transactions.

The Organization had the following transactions with Woodbourne:

	2023	2022
Related party receivables as of January 1	$ 352,840	$ 2,621,529
Charges for various operational expenses	806,418	204,208
Charge for management services provided by Nexus	1,838,200	1,329,689
Net payments	(1,956,731)	(3,802,586)
Related party receivables as of December 31	$ 1,040,727	$ 352,840

Amounts due to/from affiliates do not accrue interest income or expense.

Note 13 - Other Liabilities

Each year, Nexus enters into contracts with a major customer setting forth the amount of reimbursement to be received per client per day. These contracts provide that the grantor agency can retroactively adjust these rates if the actual cost per client per day for the period is less than anticipated in the original agreement. The liability due under such contracts has been estimated at $75,000 and $56,000 as of December 31, 2023 and 2022, respectively. This amount is classified in accounts payable, accrued expenses, and other liabilities in the accompanying consolidated financial statements. Due to the complexity of this estimate, it is reasonably possible that the amount noted above could change significantly when calculated by the grantor agency, which is performed annually.

Note 14 - Subsequent Events

Nexus Family Healing's Walden Crossing, a six-bed program in Oregon which opened in March of 2024, provides individualized trauma-informed Psychiatric Residential Treatment Facility (PRTF) services for youth ages 10-17 with mental and developmental disabilities who have become involved in the justice system.

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

Supplementary Information
For the Year Ended December 31, 2023

Nexus Family Healing

Current Assets	
Cash and cash equivalents	$ 9,734,735
Operating investments	1,111
Accounts receivable, net of allowance for credit losses of [$234,688 in 2023 and $147,168 in 2022]	10,023,270
Prepaid expenses and other current assets	495,030
Total current assets	20,254,146
Noncurrent Assets	
Property and equipment, net	2,363,954
Related party receivables	17,745,642
Operating right of use asset	26,785,818
Other assets	1,538
Goodwill	755,316
Total noncurrent assets	47,652,268
Total assets	$ 67,906,414
Current Liabilities	
Current portion, note payable	$ 178,512
Accounts payable, other accrued expenses, and other liabilities	1,828,019
Contract advance payments	3,877,706
Accrued salaries and benefits	5,165,559
Current maturities of operating lease liabilities	3,255,893
Total current liabilities	14,305,689
Noncurrent Liabilities	
Note payable, net of current portion	381,018
Operating lease liabilities, less current maturities	23,529,923
Total non-current liabilities	23,910,941
Total liabilities	38,216,630
Net Assets	
Without donor restrictions	29,586,889
With donor restrictions	102,895
Total net assets	29,689,784
Total liabilities and net assets	$ 67,906,414

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support			
Contract revenue, net	$ 62,466,504	$ -	$ 62,466,504
School revenue	10,672,011	-	10,672,011
School and other food revenue	512,779	-	512,779
Administrative fees	3,342,185	-	3,342,185
Other program income	1,223,880	-	1,223,880
Contribution and grant revenue	2,410,771	170,834	2,581,605
Investment and interest income	7,688	-	7,688
Gain on asset disposition	8,114	-	8,114
Net assets released from restrictions	171,519	(171,519)	-
Total revenue, gains, and support	80,815,451	(685)	80,814,766
Expenses			
Program services expense	64,018,296	-	64,018,296
Supporting services expense			
Management and general	13,503,430	-	13,503,430
Fundraising	722,742	-	722,742
Total expense	78,244,468	-	78,244,468
Change in Net Assets	2,570,983	(685)	2,570,298
Net Assets, Beginning of Year	27,015,906	103,580	27,119,486
Net Assets, End of Year	$ 29,586,889	$ 102,895	$ 29,689,784