Family Gateway, Inc. and Affiliate

Consolidated Financial Report
December 31, 2025

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Assurance • Tax • Advisory

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Independent Auditor's Report

To the Board of Directors of
Family Gateway, Inc. and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Family Gateway, Inc. and Affiliate (the Organization) which comprise the Consolidated Statement of Financial Position as of December 31, 2025, and the related Consolidated Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related Notes to the Consolidated Financial Statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are 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 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 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 consolidated 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.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 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 audit of the consolidated 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of financial position, consolidating statement of activities and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
July 10, 2026

Family Gateway, Inc. and Affiliate

Consolidated Statement of Financial Position

December 31, 2025

ASSETS		
Cash and cash equivalents	$	4,562,895
Grants receivable		255,442
Pledges receivable		1,730,642
Contributed lease receivable, current		179,313
Prepaid expenses and deposits		125,285
Total current assets		6,853,577
Contributed lease receivable, noncurrent		3,137,985
Property and equipment, net		3,363,132
Operating lease right-of-use asset		48,867
Total non-current assets		6,549,984
TOTAL ASSETS	$	13,403,561
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$	241,421
Operating lease liabilities		44,692
Total current liabilities		286,113
Total liabilities		286,113
NET ASSETS		
Net assets without donor restrictions		7,251,338
Net assets with donor restrictions		5,866,110
Total net assets		13,117,448
TOTAL LIABILITIES AND NET ASSETS	$	13,403,561

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Family Gateway, Inc. and Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	$ 2,701,570	$ 1,976,097	$ 4,677,667
Contributions of nonfinancial assets	374,656	-	374,656
Government grants	1,466,355	-	1,466,355
Rental income	4,278	-	4,278
Interest income	140,745	-	140,745
Special events, net of direct expenses	308,259	-	308,259
Net assets released from restrictions	1,026,253	(1,026,253)	-
Total revenue and other support	6,022,116	949,844	6,971,960
EXPENSES			
Program services	6,148,888	-	6,148,888
Management and general	722,098	-	722,098
Fundraising	280,641	-	280,641
Total expenses	7,151,627	-	7,151,627
Change in net assets	(1,129,511)	949,844	(179,667)
NET ASSETS, beginning of year	8,380,849	4,916,266	13,297,115
NET ASSETS, end of year	$ 7,251,338	$ 5,866,110	$ 13,117,448

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Family Gateway, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 2,117,992	$ 512,493	$ 163,039	$ 2,793,524
Payroll taxes and fringe benefits	511,988	83,735	49,081	644,804
Total compensation and related expenses	2,629,980	596,228	212,120	3,438,328
Client rent and utility assistance	1,542,873	-	-	1,542,873
Occupancy	151,330	4,814	250	156,394
Insurance	32,410	2,518	662	35,590
Repairs and maintenance	108,548	8,643	-	117,191
Security services	17,363	-	-	17,363
Educational supplies and activities	32,324	-	1,271	33,595
Transportation	158,617	2,462	5	161,084
Client supplies	47,118	-	10,873	57,991
Supplies	74,039	36,193	16,593	126,825
Client financial assistance	260,667	-	-	260,667
Contract services	141,506	49,580	21,368	212,454
Other	11,186	18,637	14,476	44,299
Information technology	35,514	3,023	3,023	41,560
Depreciation	351,444	-	-	351,444
Donated goods and leases	553,969	-	-	553,969
TOTAL EXPENSES	$ 6,148,888	$ 722,098	$ 280,641	$ 7,151,627

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Family Gateway, Inc. and Affiliate

Consolidated Statement of Cash Flows
Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(179,667)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Operating lease amortization		86,140
Depreciation		351,444
Contributions of nonfinancial assets - long-term lease		179,313
Changes in operating assets and liabilities		
Grants receivable		(152,883)
Pledges receivable		(902,281)
Prepaid expenses and deposits		(67,186)
Operating lease right-of-use assets		(91,460)
Accounts payable and accrued expenses		39,022
Net cash used in operating activities		(737,558)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(17,819)
Net cash used in investing activities		(17,819)
Net change in cash and cash equivalents		(755,377)
CASH AND CASH EQUIVALENTS, beginning of year		5,318,272
CASH AND CASH EQUIVALENTS, end of year	$	4,562,895
SUPPLEMENTAL INFORMATION		
Change in in-kind lease receivable	$	179,313

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Family Gateway, Inc. and Affiliate

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

Family Gateway, Inc. (Family Gateway) is a 501(c)(3) not-for-profit organization that provides stability and life-changing supportive services to children and families affected by homelessness. Services include a dedicated team to help families access crisis services, comprehensive assessments to determine the most appropriate intervention for a family's needs, triage into Family Gateway's emergency shelter as well as partner shelters in Dallas/Collin counties, 24 x 7 emergency shelter operations, intensive case management services focused on a housing solution and removing barriers to success, an education and afterschool program, and supportive housing to reduce the chances of families returning to homelessness. While in care, families are offered a variety of services according to their unique needs, including referrals to partners and onsite support for financial literacy, pregnancy prevention, mental health counseling, drug/alcohol abuse counseling, medical/dental care, etc. Services are designed with a Housing First approach to move families as quickly as possible out of a shelter experience and into housing, coupled with wrap-around services. Services are also designed to divert families from an emergency shelter experience if they can be managed with a less expensive intervention. Family Gateway is primarily supported through contributions and government grants.

In 2005, Family Gateway formed Family Gateway Affordable Housing, Inc. (FGAH), a Texas not–for-profit corporation, for the purposes of building and operating housing units available to low-income tenants. FGAH is operated, supervised and controlled by Family Gateway and the FGAH board of directors.

The accompanying consolidated financial statements include the accounts of Family Gateway and FGAH (collectively, the Organization). All intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization is required to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization can expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Net assets with donor restrictions as of December 31, 2025 are restricted for the following:

Resource Center operations	$	31,196
Time and purpose - pledges		614,665
Contributed lease receivable		3,317,298
Pledges receivable without purpose restrictions		1,115,977
Other purpose restrictions		776,974
Held in perpetuity - Kids Helping Kids Endowment		10,000
Net assets with donor restrictions	$	5,866,110

Net assets with donor restrictions - held in perpetuity of $10,000 relate to the corpus of the Kids Helping Kids Endowment Fund, established to support education programs of the Organization from revenues earned by the fund. Earnings are purpose restricted for educational programs.

During year ended December 31, 2025, net assets with donor restrictions were released for the following purposes:

Resource Center operations	$	21,362
Time and purpose - pledges		345,466
Pledges receivable without purpose restrictions		550,887
Other		108,538
Releases from restriction	$	1,026,253

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Contributions whose restrictions are met in the same year that the contributions are received are reported as net assets without donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit and market risk, consist principally of cash and cash equivalents, grants receivable and pledges receivable.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. The Organization maintains deposits primarily at two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Grants Receivable

Grants receivable represent government grant receivables billed and uncollected at December 31, 2025. The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the consolidated financial position or change in consolidated net assets of the Organization.

Pledges and Contributed Lease Receivable

Pledges are recognized when the unconditional promise to give is made or when the related conditions are met for a conditional promise to give. The Organization recognizes an allowance for losses on pledges receivable in an amount equal to the current expected credit loss. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts and collection history. At December 31, 2025, the Organization considered all pledges receivable to be fully collectible. Accordingly, no allowance is recorded. Contributed lease receivable is recorded at the estimated market value to be received over the lease term, discounted using the prime rate at lease inception.

Prepaid Expenses and Deposits

Prepaid expenses and deposits consist primarily of costs paid in the current fiscal year, which will benefit subsequent fiscal years.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, at fair value at the date of the gift. The Organization follows the practice of capitalizing all donated assets and expenditures for property and equipment in excess of $2,500. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 15 to 20 years for buildings and improvements and 3 to 7 years for furniture and equipment. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life.

Long-Lived Assets

The Organization's long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment.

Management believes no impairment has occurred with respect to the long-lived assets as of December 31, 2025.

Revenue Recognition

The Organization receives funding primarily from the following sources:

Contributions: The Organization recognizes contributions when cash, securities, other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give, 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.

Contributions of nonfinancial assets: Donated goods are reflected as contributions at their estimated fair value at date of receipt. Donated use of facilities is reflected as a contribution at the estimated fair value of the rent. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Government Grants: A portion of the Organization's revenue is derived from cost-reimbursable federal 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 consolidated statement of financial position.

Partnership Distribution: The Organization receives profit and loss distributions related to the Hutchins 805 North Denton, LLC. The Organization recognizes the distributions when received. There were no distributions received in the year ending December 31, 2025.

Special Event Revenue: The Organization holds special events during the fiscal year. Revenue for these special events is recognized as earned and is recorded net of direct expenses of $115,782 for the year ended December 31, 2025.

Allocation of Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the various functions benefited. The consolidated 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 occupancy, which is allocated on a square footage basis, as well as salaries and wages, payroll taxes and fringe benefits and information technology, which are allocated on the basis of estimates of time and effort. All other expenses have been directly charged.

Federal Income Taxes

Family Gateway and FGAH are nonprofit publicly supported organizations, as defined in Section 501(c)(3) of the Internal Revenue Code (Code) that are exempt from federal income taxes under Section 509(a) of the Code. For the year ended December 31, 2025, the Organization did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2025, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization has determined an arrangement is a long-term lease (with a remaining lease term greater than 12 months), at inception (or transition date) it recognizes a right of use asset (ROU asset) and lease liability based on the present value of the lease payments over the lease term. For all other leases, the Organization has elected the short-term exception not to recognize lease assets and liabilities.

Subsequent Events

The Organization evaluated subsequent events after the consolidated statement of financial position date of December 31, 2025 through July 10, 2026, the date the consolidated financial statements were available to be issued.

Note 2. Property and Equipment, Net

Property and equipment and accumulated depreciation consisted of the following as of December 31, 2025:

Building and improvements	$	4,709,822
Furniture and equipment		421,327
Subtotal		5,131,149
Less accumulated depreciation		(1,768,017)
Property and equipment, net	$	3,363,132

Depreciation expense was $351,444 for the year ended December 31, 2025, and is included in program services expenses in the accompanying consolidated statements of activities.

Note 3. Pledges Receivable

Pledges receivable represent unconditional promises to give. Unconditional promises to give as of December 31, 2025 of $1,730,642 are all due in less than 1 year.

Note 4. Contributed Nonfinancial Assets

Significant services, materials and use of facilities are donated to the Organization by various individuals and entities. Donated facilities amounted to $169,963 for the year ended December 31, 2025 and were recorded at fair value, and have been included in donated goods and leases expense in the accompanying consolidated financial statements. Donated goods amounted to $204,693 for the year ended December 31, 2025, were recorded at fair value at the date of donation, and have been included in donated goods and leases expense in the accompanying consolidated financial statements.

The Organization received the following contributed nonfinancial assets for the year ended December 31, 2025:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Goods	$ 204,693	Program	No associated donor restrictions	Contributed goods are valued at the estimated fair value based on current rates for similar goods in Dallas, Texas.
Long-term contributed lease	169,963	Program	No associated donor restrictions	The Contributed lease is valued at the estimated fair value of rent based on current rates for similar property in Dallas, Texas.
	$ 374,656			

Note 5. Leases

Lease Expense

The Organization leases an office facility and office equipment under long- term, non-cancelable lease agreements. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current liabilities, and long-term liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As none of the leases provided an implicit rate, the Organization uses the risk free rate at the lease commencement date in determining the present value of lease payments. The ROU assets also include any lease pre-payments made and exclude lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

None of the Organization's lease agreements contain contingent rental payments, material residual value guarantees or material restrictive covenants. The depreciable life of related leasehold improvements is based on the shorter of the useful life or the lease term. The Organization has no sublease agreements. The Organization performs interim reviews of its long-lived assets for impairment when evidence exists that the carrying value of an asset group, including a lease asset, may not be recoverable, and the Organization did not recognize an impairment expense associated with operating lease assets during 2025.

The Organization elected the package of practical expedients permitted in ASC Topic 842. Accordingly, upon the implementation of ASC 842, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The present value of the Organization's lease payments may include: (1) rental payments adjusted for inflation or market rates, and (2) lease terms with options to renew the lease when it is reasonably certain the Organization will exercise such an option. The exercise of lease renewal options is generally at the Organization's discretion. Payments based on a change in an index or market rate are not considered in the determination of lease payments for purposes of measuring the related lease liability.

The Organization has elected to apply the short-term lease exemption whereby leases that are less than twelve months in duration are not included as ROU assets and lease liabilities. The Organization has lease agreements with lease and non-lease components and has elected the practical expedient to account for the lease and non-lease components together. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred. The Organization's leases contain various terms. For leases containing renewal options, the Organization has evaluated whether it is reasonably certain to renew.

The components of lease expense, cash flow information, and other information for the year-ended December 31, 2025 were as follows:

Year Ending December 31,		
2026	$	45,016
Total future minimum lease payments		45,016
Less imputed interest		(324)
	$	44,692
Lease cost		
Operating lease cost, included in occupancy expenses	$	86,140
Short-term lease cost, included in occupancy expenses		30,392
Total lease cost	$	116,532
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	86,140
Weighted-average remaining lease term - operating leases		.49 years
Weighted-average discount rate - operating leases		2.50%
Current portion of lease liabilities	$	45,016
Total future minimum lease payments		45,016
Less imputed interest		(324)
Total	$	44,692

Note 6. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$	4,562,895
Grants receivable		255,442
Pledges receivable		1,730,642
Contributed lease receivable		3,317,298
Total financial assets		9,866,277
Less net assets with donor restrictions		(5,866,110)
Financial assets available to meet cash needs for general expenditure within one year	$	4,000,167

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

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are, on average, approximately $1,800,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 7. Low-Income Housing Project, Related Party Transactions and Commitments

FGAH and RMGM Developers, LLC (Developer) formed Hutchins 805 North Denton GP, LLC (Hutchins GP). Hutchins GP was formed solely for the purpose of serving as the managing member of Hutchins 805 North Denton, LLC (the Partnership) which was formed for the acquisition, financing, development, construction, ownership, operation, maintenance, and management of a low-income housing project known as Gateway at Hutchins (Project), located in Hutchins, Texas in a manner that will qualify for low-income housing tax credits under Code Section 42. FGAH owns a 51% noncontrolling interest of Hutchins GP and acts as Co-Manager with the Developer. The Project is financed by tax-exempt bonds and 4% Low-Income Housing Tax Credits from the Texas Department of Housing and Community Affairs. Construction of the Project began in the fall of 2016 and was completed in July 2018. FGAH has the option to purchase the Project at the close of the Project's 15-year compliance period for the greater of outstanding debt and taxes or the fair value of the property appraised as low-income housing.

The Partnership's profits, losses and distributions are allocated among partners in accordance with the Partnership agreement. In 2025, FGAH's share of the partner distribution totaled $0.

Note 8. Contributed Lease Receivable

The Organization leases a facility from the City of Dallas under a long-term lease, with a 20-year term, and the fair value of the long-term lease of $3,317,298 has been recorded as of December 31, 2025 as a contributed lease receivable. Related to this lease, donated facilities of $349,276 were recorded for the year ended December 31, 2025, and have been included in contributed nonfinancial assets revenue and expense in the accompanying consolidated financial statements. The contributed lease receivable, recorded at the estimated value of the lease over the lease term, discounted at prime rate at lease inception, will be amortized as follows over the lease term:

Due in less than 1 year	$	179,313
Due within 1 to 5 years		717,252
Due in more than 5 years		2,420,733
	$	3,317,298

Supplementary Information

Family Gateway, Inc. and Affiliate

Consolidating Statement of Financial Position

December 31, 2025

	Family Gateway	FGAH	Eliminations	Consolidated
ASSETS				
Cash and cash equivalents	$ 3,293,956	$ 1,268,939	$ -	$ 4,562,895
Grants receivable	255,442	-	-	255,442
Pledges receivable	1,730,642	11,415	(11,415)	1,730,642
Contributed lease receivable, current	179,313	-	-	179,313
Prepaid expenses and deposits	103,963	21,322	-	125,285
Total current assets	5,563,316	1,301,676	(11,415)	6,853,577
Contributed lease receivable, noncurrent	3,137,985	-	-	3,137,985
Property and equipment, net	3,363,132	-	-	3,363,132
Operating lease right-of-use asset	48,867	-	-	48,867
Total non-current assets	6,549,984	-	-	6,549,984
TOTAL ASSETS	$ 12,113,300	$ 1,301,676	$ (11,415)	$ 13,403,561
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	$ 250,358	$ 2,478	$ (11,415)	$ 241,421
Operating lease liabilities	44,692	-	-	44,692
Total current liabilities	295,050	2,478	(11,415)	286,113
NET ASSETS				
Net assets without donor restrictions	5,952,140	1,299,198	-	7,251,338
Net assets with donor restrictions	5,866,110	-	-	5,866,110
Total net assets	11,818,250	1,299,198	-	13,117,448
TOTAL LIABILITIES AND NET ASSETS	$ 12,113,300	$ 1,301,676	$ (11,415)	$ 13,403,561

Family Gateway, Inc. and Affiliate

Consolidating Statement of Activities

Year Ended December 31, 2025

	Family Gateway	FGAH	Eliminations	Consolidated
REVENUE AND OTHER SUPPORT				
Contributions	$ 4,677,667	$ -	$ -	$ 4,677,667
Contributions of nonfinancial assets	374,656	-	-	374,656
Government grants	1,466,355	-	-	1,466,355
Rental income	4,278	-	-	4,278
Interest income	99,722	41,023	-	140,745
Special events, net	308,259	-	-	308,259
Total revenue and other support	6,930,937	41,023	-	6,971,960
EXPENSES				
Program services	6,148,888	-	-	6,148,888
Management and general	721,797	301	-	722,098
Fundraising	280,641	-	-	280,641
Total expenses	7,151,326	301	-	7,151,627
Change in net assets	(220,389)	40,722	-	(179,667)
NET ASSETS, beginning of year	12,038,639	1,258,476	-	13,297,115
NET ASSETS, end of year	$ 11,818,250	$ 1,299,198	$ -	$ 13,117,448

Compliance

Family Gateway, Inc. and Affiliate

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2025

FEDERAL GRANTOR/ PASSED THROUGH GRANTOR/ PROGRAM TITLE	Federal Assistance Listing Number	Contract Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Funding			
Continuum of Care Program (Bonus 18 Bedroom Program)	14.267	TX285L6T002110	$ 275,538
Continuum of Care Program (Bonus 18 Bedroom Program)	14.267	TX285L6T002111	102,140
Continuum of Care Program (Rapid Rehousing)	14.267	TX0548L6T002102	262,173
Continuum of Care Program (Rapid Rehousing)	14.267	TX0548L6T002203	46,495
Passed through Housing Forward			
Continuum of Care Program (Rapid Rehousing)	14.267	TX0676D6T002301	331,171
Total Federal Assistance Listing Number 14.267			1,017,517
Passed through City of Dallas			
Emergency Solutions Grant Program	14.231	OHS-2021-00014989	12,783
Total Federal Assistance Listing Number 14.231			12,783
Total U.S. Department of Housing and Urban Development			1,030,300
U.S. DEPARTMENT OF TREASURY			
Passed through Housing Forward			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	OHS-2021-00017049	80,173
Passed through City of Dallas			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	OCC-2025-00026523	273,383
Total Federal Assistance Listing Number 21.027			353,556
Total U.S. Department of Treasury			353,556
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,383,856

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

Family Gateway, Inc. and Affiliate

Notes to Schedule of Expenditures of Federal Awards
December 31, 2025

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Family Gateway, Inc. and Affiliate (the Organization) under programs of the federal government for the year ended December 31, 2025. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization.

Note 2. Indirect Cost Rate

Uniform Guidance allows non-federal entities, such as the Organization, to elect to charge a de minimis rate of 15 percent of modified direct costs as its indirect cost rate that may be used indefinitely. The Organization chose not to utilize the de minimis rate.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Family Gateway, Inc. and Affiliate

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family Gateway, Inc. and Affiliate (the Organization), which comprise the Consolidated Statement of Financial Position as of December 31, 2025, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related Notes to the Consolidated Financial Statements, and have issued our report thereon dated July 10, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
July 10, 2026

2821 West 7th Street, Suite 700
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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Family Gateway, Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Gateway, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over* compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
July 10, 2026

Family Gateway, Inc. and Affiliate

Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

Section I. Summary of Auditors' Results

Consolidated Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	___Yes	_X__No
Significant deficiency(is) identified?	___Yes	__X__None reported
Noncompliance material to consolidated financial statements noted?	___Yes	__X__No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___Yes	__X__No
Significant deficiency(ies) identified?	___Yes	__X__ None reported

An unmodified opinion was issued on compliance for major federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___Yes	__X__No

Identification of major programs:

Assistance Listing Number	*Name of Federal Grant or Program*
14.267	Continuum of Care Program

Dollar threshold used to distinguish between Type A and Type B programs	$1,000,000
Auditee qualified as low-risk auditee? ___Yes	_X__No

Family Gateway, Inc. and Affiliate

Schedule of Findings and Questioned Costs – Continued
Year Ended December 31, 2025

Section 2. Financial Statement Finding

No matters were reported.

Section 3. Federal Award Findings and Questioned Costs

No matters were reported.

Section 4. Summary Schedule of Prior Audit Findings

No matters were reported.