SENECA FAMILY OF AGENCIES

(A California Nonprofit Public Benefit Corporation)

Financial Statements

June 30, 2025 and 2024

SENECA FAMILY OF AGENCIES

Table of Contents

June 30, 2025 and 2024

	Page
Independent Auditor's Report	1-3
Financial Statements	
Statements of Financial Position	4-5
Statements of Activities and Changes in Net Assets	6-7
Statements of Functional Expenses	8-9
Statements of Cash Flows	10
Notes to Financial Statements	11-41
Supplementary Information	
Schedule of Expenditures of Alameda County Grants	42
Schedule of Expenditures of Sonoma County Grants	43
Schedule of Expenditures of Contra Costa County Grants	44
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*	45-46

GILMORE & ASSOCIATES, LLP

Independent Auditor's Report

To the Audit Committee
Seneca Family of Agencies

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Seneca Family of Agencies (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Seneca Family of Agencies as of June 30, 2025 and 2024, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CERTIFIED PUBLIC ACCOUNTANTS
411 BOREL AVENUE, SUITE 501 SAN MATEO, CA 94402 (650) 432-6110 FAX (650) 432-6116

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Seneca Family of Agencies' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seneca Family of Agencies' 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

The accompanying Schedules of Expenditures of Alameda County Grants, Sonoma County Grants, and Contra Costa County Grants are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Expenditures of Alameda County grants, Sonoma County grants and Contra Costa County grants 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 November 20, 2025, on our consideration of Seneca Family of Agencies' 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 Seneca Family of Agencies' 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 Seneca Family of Agencies' internal control over financial reporting and compliance.

Gilmore and Associates, LLP

San Mateo, California
November 20, 2025

SENECA FAMILY OF AGENCIES

Statements of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 29,180,679	$ 22,683,817
Investments	512,685	462,771
Accounts receivable:		
Government agencies	41,940,920	44,282,105
Other, net	3,914,846	4,132,417
Prepaid expenses	2,122,080	2,293,052
	77,671,210	73,854,162
Property and equipment - net		
Held and used	59,798,733	52,643,827
Held for sale	-	5,417,823
	59,798,733	58,061,650
Other assets		
Deposits	1,205,984	1,465,532
Operating lease right-of-use asset	1,237,942	1,565,185
Software development costs	513,566	577,100
Other	43,200	45,200
	3,000,692	3,653,017
	$ 140,470,635	$ 135,568,829

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statements of Financial Position

June 30, 2025 and 2024

Liabilities and Net Assets	**2025**	**2024**
Liabilities		
Current liabilities		
Accounts payable	$ 2,551,898	$ 2,682,047
Accrued liabilities	19,578,418	14,377,825
Reserves	1,440,000	1,895,497
Overpayments	9,803,093	8,756,022
Refundable advances	12,361,792	7,484,767
Notes payable	320,444	238,402
Bond payable	1,144,524	1,114,389
Operating lease liability	657,316	836,993
	47,857,485	37,385,942
Long term liabilities		
Reserves	5,531,334	9,209,074
Notes payable	5,867,388	8,252,210
Bond payable	28,246,753	29,389,651
Operating lease liability	497,688	628,721
	40,143,163	47,479,656
	88,000,648	84,865,598
Net assets		
Without restrictions	51,763,950	50,157,445
With restrictions	706,037	545,786
	52,469,987	50,703,231
	$ 140,470,635	$ 135,568,829

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2025

	Without Restrictions	With Restrictions	Total
Revenue and support			
Contributions			
General	$ 1,506,367	$ 1,231,125	$ 2,737,492
In-kind	280,692	-	280,692
Government contracts	174,654,130	-	174,654,130
Program service fees	20,075,806	-	20,075,806
Special events (net of expenses of $157,155)	119,109	-	119,109
Other revenue	2,595,210	-	2,595,210
Investment return	57,964	-	57,964
Net assets released from restrictions	1,070,874	(1,070,874)	-
	200,360,152	160,251	200,520,403
Expenses			
Program services	167,399,240	-	167,399,240
Support services	31,354,407	-	31,354,407
	198,753,647	-	198,753,647
Changes in net assets	1,606,505	160,251	1,766,756
Net assets, beginning of year	50,157,445	545,786	50,703,231
Net assets, end of year	$ 51,763,950	$ 706,037	$ 52,469,987

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2024

	Without Restrictions	With Restrictions	Total
Revenue and support			
Contributions			
General	$ 3,562,698	$ 3,645,694	$ 7,208,392
In-kind	385,419	-	385,419
Government contracts	162,826,139	-	162,826,139
Program service fees	16,266,177	-	16,266,177
Special events (net of expenses of $179,449)	362,358	-	362,358
Other revenue	5,759,404	-	5,759,404
Investment return	761,475	-	761,475
Net assets released from restrictions	4,557,690	(4,557,690)	-
	194,481,360	(911,996)	193,569,364
Expenses			
Program services	156,125,501	-	156,125,501
Support services	27,079,936	-	27,079,936
	183,205,437	-	183,205,437
Changes in net assets	11,275,923	(911,996)	10,363,927
Net assets, beginning of year	40,589,750	1,457,782	42,047,532
Adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*	(298,998)	-	(298,998)
Net assets, beginning of year - adjusted	40,290,752	1,457,782	41,748,534
Deconsolidation adjustment - loss of control of subsidiary	(1,409,230)	-	(1,409,230)
Net assets, end of year	$ 50,157,445	$ 545,786	$ 50,703,231

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statement of Functional Expenses

Year Ended June 30, 2025

	Community Based Services	Education Services	Foster Care and Permanency	Training	Total Program Services	Development	Management and General	Total
Payroll								
Salaries	$ 68,947,751	$ 37,290,372	$ 4,744,147	$ 1,476,460	$ 112,458,730	$ 656,717	$ 14,481,720	$ 127,597,167
Payroll taxes and employee benefits	15,533,144	8,426,026	1,066,127	331,763	25,357,060	149,929	3,273,577	28,780,566
Total Payroll	84,480,895	45,716,398	5,810,274	1,808,223	137,815,790	806,646	17,755,297	156,377,733
Operations								
Advertisement and recruitment	152,257	95,809	83,896	3,711	335,673	13,220	33,354	382,247
Bank fee	1,455	10	30	-	1,495	25,651	13,824	40,970
Bad debt expenses	-	-	-	-	-	-	277,381	277,381
Client expenses	664,780	565,062	114,950	110	1,344,902	7,536	943	1,353,381
Conferences and training	180,168	93,556	4,081	11,261	289,066	2,021	55,476	346,563
Contingency reserve	-	-	-	-	-	-	532,834	532,834
Contract services	12,526,653	965,205	27,579	634,486	14,153,923	87,690	2,326,861	16,568,474
Equipment leases	17,804	8,678	1,038	22	27,542	85	9,032	36,659
Family service fees	19	-	1,517,987	-	1,518,006	-	-	1,518,006
Fundraising	339	10,000	-	-	10,339	18,823	9,838	39,000
Government fees	39,173	223,152	11,998	48	274,371	33	179,701	454,105
In-kind	174,594	61,800	-	-	236,394	38,679	5,619	280,692
Insurance	78,655	21,368	12,794	28	112,845	297	1,134,660	1,247,802
Interest	376,789	148,787	97,452	548	623,576	1,767	383,085	1,008,428
Legal contingency expense							2,750,000	2,750,000
Occupancy	697,866	549,801	261,693	-	1,509,360	-	20,861	1,530,221
Printing	3,193	4,527	61	2	7,783	9,311	800	17,894
Program staff support	198,683	581,357	42,616	7,995	830,651	3,571	124,120	958,342
Repairs and maintenance	806,087	531,066	137,775	277	1,475,205	3,606	304,420	1,783,231
Subscription and dues	238,501	166,728	66,533	13,103	484,865	40,838	2,608,710	3,134,413
Supplies and postage	930,351	879,909	84,052	21,381	1,915,693	11,005	621,114	2,547,812
Telephone	549,108	246,105	106,362	5,012	906,587	2,569	207,926	1,117,082
Transportation	1,104,662	219,513	69,128	6,279	1,399,582	3,934	141,481	1,544,997
Travel	159,097	96,401	8,815	28,559	292,872	13,578	166,663	473,113
Utilities	368,155	257,309	114,276	238	739,978	1,558	142,129	883,665
Total Expenses Before Depreciation	103,749,284	51,442,541	8,573,390	2,541,283	166,306,498	1,092,418	29,806,129	197,205,045
Depreciation	570,561	396,790	122,936	2,455	1,092,742	4,016	451,844	1,548,602
Total Direct Expenses	104,319,845	51,839,331	8,696,326	2,543,738	167,399,240	1,096,434	$ 30,257,973	$ 198,753,647
Allocable Management & General Expense	18,733,461	9,309,159	1,561,661	456,797	30,061,079	196,894		
Total Expense	$ 123,053,306	$ 61,148,490	$ 10,257,987	$ 3,000,535	$ 197,460,319	$ 1,293,328		

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statement of Functional Expenses

Year Ended June 30, 2024

	Community Based Services	Education Services	Foster Care and Permanency	Training	Total Program Services	Development	Management and General	Total
Payroll								
Salaries	$ 62,563,725	$ 35,085,454	$ 3,933,524	$ 1,779,538	$ 103,362,241	$ 710,682	$ 13,031,630	$ 117,104,553
Payroll taxes and employee benefits	15,194,827	8,546,887	958,214	433,499	25,133,427	173,124	3,010,471	28,317,022
Total Payroll	77,758,552	43,632,341	4,891,738	2,213,037	128,495,668	883,806	16,042,101	145,421,575
Operations								
Advertisement and recruitment	197,036	101,247	79,726	5,133	383,142	6,826	9,976	399,944
Bank fee	2,269	188	515	-	2,972	11,637	19,570	34,179
Client expenses	777,570	609,266	141,196	-	1,528,032	-	-	1,528,032
Conferences and training	125,327	205,368	4,099	7,313	342,107	778	85,626	428,511
Contingency reserve	-	-	-	-	-	-	1,391,056	1,391,056
Contract services	11,610,961	613,489	37,117	736,573	12,998,140	37,232	2,090,420	15,125,792
Credit losses	64,817	-	-	-	64,817	-	-	64,817
Equipment leases	24,396	7,709	2,071	69	34,245	254	8,877	43,376
Family service fees	370,084	-	1,243,227	-	1,613,311	-	-	1,613,311
Fundraising	-	-	-	-	-	15,092	37,284	52,376
Government fees	61,309	46,570	12,634	376	120,889	561	365,836	487,286
In-kind	299,828	-	4,225	-	304,053	57,519	23,847	385,419
Insurance	6,470	-	-	-	6,470	-	980,151	986,621
Interest	459,428	135,843	73,120	3,427	671,818	2,952	415,632	1,090,402
Medical - Non Medi-Cal	17,177	16,382	261	27	33,847	1	26,193	60,041
Occupancy	716,019	507,872	96,857	-	1,320,748	-	68,004	1,388,752
Printing	2,659	2,457	204	606	5,926	619	10,589	17,134
Program staff support	210,405	463,135	27,392	4,826	705,758	2,336	59,467	767,561
Repairs and maintenance	1,101,513	632,993	87,355	3,046	1,824,907	16,579	373,701	2,215,187
Subscription and dues	293,880	125,619	42,625	10,218	472,342	26,868	1,966,230	2,465,440
Supplies and postage	180,073	468,397	16,076	3,372	667,918	12,431	767,170	1,447,519
Telephone	564,843	229,585	59,322	6,716	860,466	3,307	225,300	1,089,073
Transportation	1,090,689	229,373	103,813	4,443	1,428,318	3,517	174,427	1,606,262
Travel	255,506	74,741	5,206	15,885	351,338	16,966	153,070	521,374
Utilities	398,230	229,854	69,615	1,289	698,988	5,642	116,676	821,306
Total Expenses Before Depreciation	96,589,041	48,332,429	6,998,394	3,016,356	154,936,220	1,104,923	25,411,203	181,452,346
Depreciation	732,152	368,305	82,158	6,666	1,189,281	7,278	556,532	1,753,091
Total Direct Expenses	97,321,193	48,700,734	7,080,552	3,023,022	156,125,501	1,112,201	$ 25,967,735	$ 183,205,437
Allocable Management & General Expense	16,072,551	8,042,904	1,169,350	499,251	25,784,056	183,679		
Total Expense	**$** 113,393,744	$ 56,743,638	$ 8,249,902	$ 3,522,273	$ 181,909,557	$ 1,295,880		

See accompanying footnotes.

SENECA FAMILY OF AGENCIES

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Changes in net assets	$ 1,766,756	$ 10,363,927
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,623,570	1,846,377
Amortization of software costs	63,534	57,783
Adjustment for adoption of credit loss standard	-	(298,998)
Amortization of bond issuance and debt issuance costs	21,995	21,995
Gain on sale of real property	(98,384)	(3,539,881)
Other disposals	74,904	462
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - government agencies	2,341,185	(8,072,947)
Accounts receivable - other	217,571	(345,680)
Prepaid expenses	170,972	(865,202)
Deposits	259,548	132,729
Operating lease asset	327,243	(380,029)
Other assets	2,000	-
Increase (decrease) in:		
Accounts payable	(130,149)	558,279
Accrued liabilities	5,200,593	1,205,546
Reserves	(4,133,237)	1,641,383
Overpayments	1,047,071	883,992
Refundable advances	4,877,025	2,706,380
Operating lease liability	(310,710)	624,813
Net cash provided by operating activities	13,321,487	6,540,929
Cash flows from investing activities		
Proceeds from sale of real estate	3,145,400	9,019,132
Purchase of property and equipment	(6,482,573)	(2,229,823)
Payments for software development costs	-	(85,197)
Reduction in cash upon loss of control of subsidiary	-	(1,409,625)
Sale (purchase) of investments	(49,914)	1,618,956
Net cash (used) provided by investing activities	(3,387,087)	6,913,443
Cash flows from financing activities		
Principal payments on bonds payable	(1,129,298)	(7,107,295)
Principal payments on notes payable	(2,308,240)	(240,574)
Net cash used by financing activities	(3,437,538)	(7,347,869)
Net increase in cash	6,496,862	6,106,503
Cash and cash equivalents, beginning of year	22,683,817	16,577,314
Cash and cash equivalents, end of year	$ 29,180,679	$ 22,683,817
Supplemental disclosures		
Interest paid	$ 1,060,080	$ 1,194,083
Noncash transactions - see Note 25		

See accompanying footnotes

Note 1 - The Organization

Founded in 1985 as a small Bay Area residential and day treatment program, Seneca has since grown into a leading provider of a broad continuum of permanency, mental health, education, and juvenile justice services, impacting over 22,000 youth and families throughout California and Washington State each year.

Seneca's mission is simple yet powerful: to help children and families through the most difficult times of their lives. We are driven by the belief that children and families do not fail; rather, they are failed by systems unable to meet their complex needs. Guided by our core values of love and compassion, hope and courage, respect, curiosity, joy, equity, and justice, we promise to support every child and family at every step of their journey.

At the heart of Seneca's services is our Unconditional Care® model, a commitment to do whatever it takes to support the young people and families we serve. This model integrates relational, behavioral, and ecological assessment and intervention, ensuring comprehensive and individualized care across 150 programs offered in partnership with child and family-serving groups, including social services, behavioral health, juvenile probation departments, and Managed Care Plans. Generally grouped into four distinct categories—community-based, crisis, school-based, and permanency and placement—these services include:

Community-Based Services – Seneca provides a range of community-based behavioral health services within California and Washington communities. General service types include assessment/plan development, therapy (individual, group, and family), rehabilitation (individual and group), case management, crisis intervention, Intensive Care Coordination, Intensive Home-Based Services, Therapeutic Behavioral Services and psychiatry and medication support services. Each community-based program tailors some or all of these services to its particular target population of children, youth, and/or families within the specifications of its contract. Seneca's most prevalent community-based programs in fiscal year 2024-2025 (FY 24-25) included Wraparound, outpatient clinics, and case management programs, including Todo Por Mi Familia, a nationwide mental health initiative to support the thousands of immigrant parents and children who were forcibly separated at the U.S. border by connecting them to mental health services. In FY 24-25, Seneca's community-based programs provided responsive services for 6,865 children and youth and their families.

Note 1 - The Organization (continued)

Crisis Services – Seneca's crisis programs ensure that children and youth experiencing a mental health crisis have access to therapeutic crisis services that will help them stabilize and connect to any additional supports needed to ensure their continued safety and well-being. These services are offered in the community (Intensive Stabilization Services, Mobile Crisis Response Teams, and Family Urgent Response System), in Partial Hospitalization Programs, in short-term Crisis Stabilization Units and Welcoming Centers, and in Short-Term Residential Therapeutic Programs (STRTPs). In FY 24-25, there were 1,349 program enrollments in Seneca's crisis programs and 4,589 hours of crisis intervention and crisis stabilization provided agency wide.

School-Based Services – Seneca's school-based services include four nonpublic schools (NPSs), 17 counseling-enriched classrooms (CECs); 14 whole-school partnerships with public and public charter schools; and 47 schools with individual and group academic, behavioral, and social-emotional interventions (including school-based Wraparound and case management). This year, the NPSs served 183 students, the CECs served 159 students; 6,742 students benefited from the culture and climate initiatives at Seneca's whole-school partnerships; and 832 students received individualized interventions.

Permanency and Placement Programs – Seneca's permanency and placement programs work with foster children, their biological, resource, and/or adoptive families, Child Welfare workers, and other committed and supportive individuals to identify, secure, and support safe, therapeutic, and culturally responsive placements that will meet each child's individual needs. The agency's continuum of permanency programs serves over 2,000 children and families each year and includes Intensive Services Foster Care (ISFC), Enhanced-ISFC (E-ISFC), Emergency Foster Care, Short Term Residential Therapeutic Programs (STRTPs), family visitation services, Family Finding and Engagement, relative/kinship caregiver programs, Resource Family Approval, and other foster family agency and adoption agency services. Seneca also operates The National Institute for Permanent Family Connectedness (NIPFC) to promote permanency for youth through training, consultation, and advocacy.

Other Program Services - Seneca is committed to constantly improving its service through regularly advancing innovative approaches, researching and incorporating best practices in the field, and striving to provide comprehensive services that thoroughly address families' needs.

Note 1 - The Organization (continued)

Examples of other program services include:

- **Seneca's Institute for Advanced Practice (SIAP)**: SIAP, Seneca's comprehensive training infrastructure, provides training on evidence-based and emerging best practices in the behavioral health and child welfare fields for Seneca staff and external partners. In FY 24-25, SIAP provided 1,590 trainings (3,869 hours) for 20,719 attendees, which included Seneca staff and providers from 197 county and community-based agencies.

- **Policy & Advocacy:** Seneca's policy and advocacy work focuses on improving local, state, and federal systems that serve children and families. The agency provides state policymakers with feedback and recommendations when new programs are being designed and implemented, supporting or opposing proposed new legislation, attending county Board of Supervisor meetings to conduct local advocacy, and sitting on state councils, commissions, and workgroups.
- **Higher Education Partnerships:** These programs offer Seneca employees the opportunity to earn a degree or teaching credential with scholarships and paid internships that allow them to continue earning full-time wages and benefits at Seneca throughout their educational program. Partnerships during FY 24-25 included Master's in Social Work programs with the University of Southern California, Columbia University, California State University (CSU) Northridge, and CSU San Bernardino; a Master's in Family Therapy program with Pacific Oaks College; and a Special Education Teaching Credential at Loyola Marymount University.
- **The Joint Commission Accreditation:** Behavioral health accreditation by The Joint Commission since 2010 reflects the agency's desire to use the highest standard of practice in care and treatment.

<u>Subsidiary</u> - Effective January 1, 2022, the Organization formed Alliance for Community Advocacy (d.b.a. Just Advocates), a 501(c)(3) nonprofit created to advocate on behalf of children and families with agencies and other governmental authorities at the local, state, and national levels. Just Advocates has a December 31 fiscal year end. Seneca committed $2 million in funding to Just Advocates over five years. During the year ended June 30, 2024 and 2023, Seneca provided $900,000 and $500,000 of this funding, respectively. Total cumulative funding provided through June 30, 2024 was $2 million.

On June 6, 2024, Seneca's Board of Directors authorized the severance of the relationship with Just Advocates. Because of a loss of control, Just Advocates was deconsolidated as of June 6, 2024 (see Note 26).

Note 2 - Summary of Significant Accounting Policies

Principles of consolidation – As of and for the year ended June 30, 2024, the accompanying statements of financial position, activities and cash flows are presented on a deconsolidated basis. The accompanying statements of activities and cash flows include the accounts of Just Advocates from July 1, 2023, through June 6, 2024, the period it was under Seneca's control. All significant intercompany revenue and expense accounts through June 6, 2024, have been eliminated. Seneca has no continuing control, economic interest, or obligation related to Just Advocates after June 6, 2024. Accordingly, the financial statements for the year ended June 30, 2025, reflect only the operations and financial position of Seneca.

Basis of accounting - The accrual method of accounting is used, which reflects revenue when earned and expenses as incurred.

Basis of presentation - Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

> Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations, which represent the expendable resources that are available for operations at management's discretion.
>
> Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor stipulations are temporary, and can be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time. Other donor stipulations require the resources be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Cash and cash equivalents - Cash and cash equivalents include cash, money market accounts, and demand deposits held by financial institutions, and other highly liquid investments with a maturity of three months or less.

Accounts receivable – Accounts receivable includes receivables from governmental agencies and private foundations, as well as receivables related to rents and consulting income. The Organization uses an allowance method in order to reserve for potential uncollectible accounts receivable.

Contracts receivable – Contracts receivable are stated at the amount management expects to collect from outstanding contracts receivable balances (see Note 3).

Note 2 - Summary of Significant Accounting Policies (continued)

Property and equipment - Property and equipment in excess of $5,000 are stated at cost if purchased or at fair market value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Software development costs - The Organization capitalizes qualified software development costs. Capitalized costs are amortized over the estimated software life on a straight-line basis, beginning when the software is available for use. If the events and circumstances surrounding software development begin to exhibit impairment indicators, the Organization evaluates whether the capitalized software costs are recoverable (see Note 8).

Contributions and pledges receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments - The Organization values its investments at fair value. Gains and losses (including investments bought, sold, and held during the year) are reflected in the statement of activities as investment return. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair value measurements - Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices on active markets for identical assets
Level 2 inputs - quoted prices on active or inactive markets for the same or similar assets
Level 3 inputs - estimates using the best information available when there is little or no market

Note 2 - Summary of Significant Accounting Policies (continued)

The Organization is required to measure three types of assets and the related revenues at fair value: unconditional promises to give (pledges receivable), certain investments, and in-kind contributions. The specific techniques used to measure fair value for each element are described in the notes that relate to each element.

Contributions revenue – Unconditional contributions are recognized as revenue in the period received. Conditional contributions, that are those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Government grants and contracts that serve the general public are treated as conditional contributions if they include a barrier and a right of return or a right of release of the promisor's obligation. Revenue is recognized when a specific barrier is overcome (when performance goals are met or qualifying expenditures are incurred). Conditional contributions received in advance are accounted for as refundable advances until the conditions have been substantially met.

The Organization reports cash contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind contributions – Contributed nonfinancial assets include donated supplies for use in programs, donated rent, donated professional services and other in-kind contributions which are recorded at the respective fair values of the goods or services received (see Note 18). In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, 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.

Other revenues - The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received, when the event takes place. Program services billed to third-party insurers and other nonprofit organizations are recognized as the services are performed.

Note 2 - Summary of Significant Accounting Policies (continued)

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management as follows:

- fixed operating costs charged to each appropriate funding stream are either allocated equally, or in reasonable proportion to the benefit provided or other equitable relationship.
- direct service costs, including maintenance costs and non-payroll costs associated with recruitment and advertising, are allocated based on the total of direct payroll salaries to total activity costs.
- shared costs to all programs include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization, including costs associated with the executive office, human resources, accounting, information technology, data collection, research and evaluation, the Organization's diversity, equity and inclusion initiative, and quality assurance. Allocation to each program is determined based on a ratio of total allocable costs to total direct program costs.

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

Income taxes - Seneca Family of Agencies and Just Advocates are both exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d, and are considered by the IRS to be organizations other than a private foundation.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in the Organization's federal and state exempt organization and business income returns are more likely than not to be sustained upon examination.

Note 2 - Summary of Significant Accounting Policies (continued)

Reclassification – Certain amounts in prior year's financial statements have been reclassified to conform to the current year presentation. The reclassification has no impact on the previously reported assets or net assets.

Adoption of credit loss standard – In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changed how entities measure credit losses for most financial assets. The most significant change is a shift from the incurred loss model to the expected loss model. Disclosures are required to provide users of the financial statements with useful information for analyzing an organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to this guidance include contracts receivable.

The standard was effective for years beginning after December 15, 2022; the Organization adopted the standard effective July 1, 2023, utilizing a cumulative-effect adjustment for financial assets measured at amortized cost as of the beginning of the period of adoption. As a result, the Organization recorded a transition adjustment as of July 1, 2023, including a $298,998 increase to the allowance for credit losses for contracts receivable, which is presented on the statement of financial position as a reduction to the total amount of contracts receivable, and a decrease of $298,998 to beginning net assets, which represents the cumulative effect of adoption.

Note 3 - Contracts Receivable

The timing of revenue recognition, billings and cash collections for non-governmental program service fees results in contracts receivable. Amounts are billed as work progresses in accordance with contractual terms on a monthly basis. Generally, billing occurs subsequent to revenue recognition, resulting in contracts receivable, which represent an unconditional right to payment.

The contracts receivable balances as of June 30, are as follows:

	2025	2024	2023
Contract receivable, included in Accounts Receivable - Other	$ 3,104,646	$ 3,348,504	$ 2,955,498
Less: Allowance for Credit Losses - see Note 4	(194,683)	(298,998)	-
	$ 2,909,963	$ 3,049,506	$ 2,955,498

Note 4 - Allowance for Credit Losses

Contracts receivable are stated at the amounts management expects to collect from outstanding balances. The Organization estimates expected credit losses over the contractual life of its receivables using a model that considers historical loss experience, current conditions, and reasonable and supportable forecasts. Expected credit losses are recognized through a charge to expense and a corresponding allowance for credit losses.

Receivables are written off when management determines that collection is no longer probable after considering collection efforts and other factors. Amounts subsequently recovered on receivables previously written off are credited to the allowance.

The changes in the allowance for credit losses for the years ended June 30, 2025 and 2024, were as follows:

	2025	2024
Allowance for credit losses, beginning of year	$ 298,998	$ -
Adoption of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*	-	298,998
Write offs	(104,315)	
Allowance for credit losses, end of year	$ 194,683	$ 298,998

During the year ended June 30, 2025, the Organization wrote off certain receivables that were deemed uncollectible. No additional provision for expected credit losses was recorded because management determined that the allowance balance, net of write-offs, continued to appropriately reflect lifetime expected credit losses as of June 30, 2025.

Note 5 - Property and Equipment

Classification as Held and Used: As of June 30, property and equipment held for use in operations consists of the following:

	2025	2024
Land	25,533,016	$ 22,002,865
Buildings	25,908,641	25,625,090
Leasehold improvements	16,467,528	11,595,388
Furniture and equipment	2,193,062	2,828,196
Vehicles	1,340,900	1,440,697
Portable buildings	330,544	330,544
Construction in progress		
Real estate	1,654,373	1,531,087
	73,428,064	65,353,867
Accumulated depreciation	(13,629,331)	(12,710,040)
	$ 59,798,733	$ 52,643,827

For the years ended June 30, 2025 and 2024, depreciation expense was $1,623,570 and $1,846,377, respectively. $74,968 and $93,285 of depreciation have been netted against rental revenues.

Leasehold improvements

During the year ended June 30, 2025, the Organization received federal and state grants to fund capital improvements across multiple program facilities. These awards are conditional upon compliance with specific program and reporting requirements.

Expenditures of approximately $4.4 million related to eligible renovation costs were incurred and capitalized as leasehold improvements as of May 1, 2025. Because the grant agreements include measurable performance conditions and a right of return of funds, the related proceeds have been recorded as refundable advances in the statement of financial position.

Grant revenue is recognized as conditions under the respective agreements are satisfied. The related assets are depreciated over their estimated useful lives once placed into service.

Note 5 - Property and Equipment (continued)

Leasing activities

The Organization leases a portion of its commercial space at various locations to other organizations under operating leases with terms expiring through July 2030. The Organization previously leased land in Oakland, California, to a telecommunications company under an agreement that expired in October 2023.

At June 30, fixed assets included in property and equipment held and used that are utilized in leasing activities are as follows:

	2025	2024
Land	$ 589,395	$ 589,395
Buildings	1,741,555	1,943,333
Leasehold improvements	101,276	292,006
	2,432,226	2,824,734
Accumulated depreciation	(441,795)	(772,755)
	$ 1,990,431	$ 2,051,979

Total lease income, net of related expenses, for the years ended June 30, 2025 and 2024 is $76,854 and $159,476, respectively, and is included in other revenue (see Note 19).

Commitment to sell property

On April 15, 2025, the Organization entered into a fully executed agreement to sell a property in Orange County for $8,350,000, with closing required within 12 months and scheduled for April 2026. Upon execution, the buyer paid a $250,000 nonrefundable deposit. The agreement includes various contractual contingencies - such as due diligence, financing, and governmental approvals - that must be satisfied or waived before closing.

As of June 30, 2025, legal title and possession remain with the Organization, and the buyer does not have control of the property. Because certain significant contingencies remain outstanding, management has concluded that the sale is not yet considered probable. Accordingly, the property continues to be classified as property and equipment held and used within the statement of financial position. The Organization expects to recognize the gain on sale upon transfer of control to the buyer at closing.

Note 5 - Property and Equipment (continued)

Classification as Held for Sale: As of June 30, property and equipment held for sale consists of the following:

	2025	2024
Land		$ 3,880,405
Buildings		1,616,110
Furniture and equipment	-	-
Leasehold improvements		278,029
	-	5,774,544
Accumulated depreciation		(356,721)
	$ -	$ 5,417,823

On December 19, 2024, the Organization sold property in Riverside, California for $1,100,000 cash. The Organization recognized a gain of $116,189 on the sale. The real property was classified as held for sale as of June 30, 2024.

On December 23, 2024, the Organization sold property in San Jose, California for $2,200,000 cash. The Organization recognized a loss of $(17,804) on the sale. The real property was classified as held for sale as of June 30, 2024.

Note 6 - Investments

The balances of investment assets measured at fair value as of June 30, 2025 and 2024 are $512,685 and $462,771 respectively. Investment returns for the years ended June 30, 2025 and 2024, respectively, are included with interest income on the statement of activities as follows:

	2025	2024
Investment return		
Interest and dividends	$ 16,486	$ 718,388
Unrealized gains	39,293	30,984
	55,779	749,372
Other non-investment interest	2,185	12,103
	$ 57,964	$ 761,475

All investment return is classified as unrestricted in the statement of activities.

Note 7 - Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value on a recurring basis as of June 30, 2025 and 2024, respectively:

Level 2	2025	2024
Pooled securities	$ 512,685	$ 462,771

The fair value of pooled securities has been measured on a recurring basis using quoted prices in active markets for the same or similar assets (Level 2 inputs).

Transactions measured at fair value on a non-recurring basis during the years ended June 30, 2025 and 2024, respectively, are $280,692 and $385,419 of in-kind contributions (see Note 18).

The fair values of in-kind contributions are measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs). The fair values of pledged contributions are measured on a non-recurring basis, based on the value provided by the donor at the date of the pledge (Level 3 inputs).

Note 8 - Software Development Costs

Capitalized software development costs as of June 30 consist of the following:

	2025	2024
Licensed software development costs	$ 634,883	$ 634,883
Accumulated amortization	(121,317)	(57,783)
	$ 513,566	$ 577,100

Amortization expense for the years ended June 30, 2025 and 2024, was $63,534 and $57,783, respectively. The licensed software was placed in service on July 1, 2023.

Note 9 - Accrued Liabilities

Accrued liabilities as of June 30, consist of the following:

	2025	2024
Wages	3,227,968	$ 2,281,296
Vacation	7,301,194	6,842,464
Payroll taxes and benefits	1,514,764	2,746,530
Private insurance offset	1,479,497	1,329,293
Contingent liability	2,750,000	541,764
Due to Counties	2,952,992	-
Other liabilities	352,003	636,478
	$ 19,578,418	$ 14,377,825

Note 10 - Line of Credit

The Organization has a $4,750,000 revolving credit agreement with JP Morgan Chase Bank. The line of credit was scheduled to mature on July 1, 2025. For the year ended June 30, 2025, borrowings under the facility bore interest at the bank's prime rate (7.50% and 8.50% at June 30, 2025 and 2024, respectively) with a minimum rate of 5.00% per annum. The line of credit is secured by the Organization's accounts, equipment, and inventory. At June 30, 2025 and 2024, there were no outstanding borrowings under the line of credit.

Subsequent to year-end, on July 1, 2025, the Organization renewed and amended the agreement to extend the maturity to June 30, 2026. Under the renewed facility, borrowings bear interest at a variable rate equal to Adjusted Term Secured Overnight Financing Rate (SOFR) plus 1.80%.

The line of credit is subject to reporting and financial related covenants and management believes the Organization was in compliance with all covenants as of June 30, 2025 and 2024.

Note 11 - Liability for Overpayments Received

Timing differences in recording terminations from the various programs result in receipts for services relating to children who have left the programs. These receipts may be refundable to the county agencies providing the funds. Accordingly, the Organization records these amounts as a liability. The Organization is contacted by county agencies on a child-by-child basis or a contract basis regarding the repayment process.

If no action or response to inquiries on overpayments is received by the Organization five years subsequent to receipt of funds, the funds are recognized as income. Under this policy, $129,570 and $214,742 of overpayments were taken into income in the years ended June 30, 2025 and 2024, respectively, and are included in other revenue on the statement of activities (see Note 19).

Overpayments also include contract advances from certain counties to facilitate continued operations during the pandemic, and amounts owed for county cost reconciliation reports prepared annually.

Note 12 - Notes Payable

Notes payable as of June 30, are as follows:

	2025	2024
Note payable to JP Morgan Chase (formerly First Republic Bank), secured by real property, payable in monthly installments of $34,299, including interest at 3.45%, due May 1, 2042.	$ 4,676,654	$ 6,319,829
Note payable to JP Morgan Chase (formerly First Republic Bank), secured by real property, payable in monthly installments of $10,893, including interest at 3.45%, due April 1, 2042.	1,657,709	2,322,774
Less debt issuance costs, net of amortization	(146,531)	(151,991)
Notes payable, net	6,187,832	8,490,612
Current portion	(320,444)	(238,402)
	$ 5,867,388	$ 8,252,210

Note 12 - Notes Payable (continued)

Debt maturities of notes payable, net of amortization, are as follows:

Year ending June 30		
2026	$	320,444
2027		332,028
2028		343,498
2029		356,428
2030		369,291
Thereafter		4,466,143
	$	6,187,832

Note 13 - Bond Payable

In April 2021, the Organization issued a California Infrastructure and Economic Development Bank 2021 Tax-Exempt Bond of $42,000,000 financed through First Republic Bank (now JP Morgan Chase Bank) for the purpose of refinancing prior indebtedness and acquisition of additional real property to further the Organization's mission.

The 2021 Tax-Exempt Bond includes a Bond Component of $37,158,841 and a Drawdown Component with the maximum advances amount of $4,841,159.

As of June 30, 2025 and 2024, $42,000,000 of California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bond have been issued under the agreement. Principal payments began April 2021 including interest at 2.60% with final payment due April 1, 2051. At June 30, 2025 and 2024, the outstanding Bond Component balance was $24,917,248 and $25,910,632, respectively. At June 30, 2025 and 2024, the outstanding bond term-loan balance was $4,474,029 and $4,593,408, respectively.

Note 13 - Bond Payable (continued)

. Proceeds from issuance of 2021 Tax-Exempt Bond, including the draw-down component, were used for the following purposes:

Principal payments on Wells Fargo 2016A bond	$ 8,369,124
Principal payments on Wells Fargo 2016B bond	957,475
Principal payments of First Republic Bank 2019 bond	22,437,496
First Republic Bank line of credit repayment	4,140,545
Reimbursement for property renovations	2,060,540
Reimbursement for purchase of real property	3,538,760
Issuance costs and discounts	496,060
	$ 42,000,000

As required by the terms of the bond regulatory agreement, the Organization must satisfy certain restrictive covenants which, among other terms, requires the maintenance of certain financial ratios and operational levels, places limits on other indebtedness, and requires certain informational reports. The Organization has pledged security interests in certain real property.

Bond payable as of June 30, 2025 consists of the following:

	Bond Component	Drawdown Component converted to Term-Loan	Total
Bond payable, gross	$ 25,344,412	$ 4,474,029	$ 29,818,441
Debt issuance costs, net of amortization	(427,164)	-	(427,164)
Bond payable, net	24,917,248	4,474,029	29,391,277
Current portion	(1,020,332)	(124,192)	(1,144,524)
	$ 23,896,916	$ 4,349,837	$ 28,246,753

Note 13 - Bond Payable (continued)

Bond payable as of June 30, 2024, consisted of the following:

	Bond Component	Drawdown Component	Total
Bond payable, gross	$ 26,354,331	$ 4,593,408	$ 30,947,739
Debt issuance costs, net of amortization	(443,699)	-	(443,699)
Bond payable, net	25,910,632	4,593,408	30,504,040
Current portion	(993,385)	(121,004)	(1,114,389)
	$ 24,917,247	$ 4,472,404	$ 29,389,651

Expected maturities for the bond, net of bond amortization, are as follows:

Year ending June 30	Bond Component	Term-loan Component	Total
2026	$ 1,020,332	$ 124,192	$ 1,144,524
2027	1,047,997	127,463	1,175,460
2028	1,074,764	130,523	1,205,287
2029	1,105,519	134,258	1,239,777
2030	1,135,457	137,795	1,273,252
Thereafter	19,533,179	3,819,798	23,352,977
	$ 24,917,248	$ 4,474,029	$ 29,391,277

Note 14 - Leases

The Organization leases various facilities and vehicles under operating leases expiring in various years through December 31, 2027. The Organization also operates programs in Ventura County for which it is allowed the use of facilities from a government agency at no cost (see Note 18). Management expects this arrangement to continue as long as the related programs are operating.

Note 14 - Leases (continued)

At lease inception, the Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position.

The weighted-average discount rate is based on the discount rate implicit in the lease. 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 leases where the implicit rate is not readily determinable. When applicable, the Organization includes renewal options in the determination of right-of-use assets and lease liabilities, when the options are reasonably certain to be exercised.

During the year ended June 30, 2025, the Organization modified several existing real estate lease agreements. The original lease terms were extended by an additional year, now expiring through May 2026. This modification constitutes a lease modification under Accounting Standards Codification (ASC) 842-10-25-9. As a result of the reassessment, the Organization adjusted the operating lease right-of-use asset by $348,312 and the corresponding lease liability by $378,892 as of the modification date. The leases continue to be classified as operating leases.

In addition, during the year ended June 30, 2025, the Organization entered into two new operating leases, recognizing operating lease right-of-use assets and corresponding lease liabilities of $739,191, as of lease commencement date.

In January 2025, the Organization terminated an operating lease following a fire that rendered the leased facilities unusable. In accordance with ASC 842, *Leases*, the Organization derecognized the related right-of-use asset of $149,972 and corresponding lease liability of $158,905. The termination did not result in a material gain or loss, as the carrying amounts were approximately equal at the date of abandonment.

During the year ended June 30, 2024, the Organization modified several existing real estate lease agreements. The original lease terms were extended by an additional one to five years, expiring through March 2029. This modification constitutes a lease modification under Accounting Standards Codification (ASC) 842-10-25-9. As a result of the reassessment, the Organization adjusted the operating lease right-of-use asset by $937,629 and the corresponding lease liability by $954,148 as of the modification date. The leases continue to be classified as operating leases.

Note 14 - Leases (continued)

Total right-of-use assets and lease liabilities at June 30, 2025 and 2024 are shown on the Statement of Financial Position as follows:

	2025	2024
Other assets - Operating lease right-of-use asset	$ 1,237,942	$ 1,565,185
Current liabilities - Operating lease liability	$ 657,316	$ 836,993
Long term liabilities - Operating lease liability	497,688	628,721
	$ 1,155,004	$ 1,465,714

A summary of total lease costs, by component, for the year ended June 30, 2025 and 2024 were as follows:

	2025	2024
Operating lease cost	$ 1,331,164	$ 1,049,359
Short-term lease cost	166,298	342,727
Variable lease cost	32,759	42,711
	$ 1,530,221	$ 1,434,797

The following summarizes the supplemental cash flow information from the years ended June 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 1,231,321	$ 821,094
Right-of use assets obtained in exchange for lease liabilities:		
Operating leases	$ 739,191	$ 444,356
Other:		
Right-of-use asset adjustment resulting form lease modifications	$ 348,312	$ 954,148
Right-of-use asset reduction resulting from early lease termination	$ (149,972)	-

Note 14 - Leases (continued)

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the years ended June 30, 2025 and 2024:

	2025	2024
Weighted-average remaining lease term in years	1.74	2.32
Weighted-average discount rate	3.89%	3.32%

As of June 30, 2025, the future minimum lease payments under the noncancelable operating lease with a term greater than one year are listed below:

Year ending June 30		
2026	$	669,266
2027		497,582
2028		30,332
Total lease payments		1,197,180
Implied interest		(42,176)
Present value of lease liability	$	1,155,004

Operating leases as lessor

The Organization has an existing operating sublease agreement for real estate property in Oakland, which was extended for an additional 10 years in November 2023. The property has an original cost of $1,776,903 and accumulated depreciation of $346,289 and $298,230 as of June 30, 2025 and 2024, resulting in a net carrying amount of $1,430,614 and $1,478,673, respectively. The property is being depreciated on a straight-line basis over 30 years in accordance with the Organization's capitalization policy.

In addition, the Organization subleases several other properties on a month-to-month basis. The income generated from these month-to-month leases is recognized as lease income in the period in which it is earned.

Total lease income from all subleases for the years ended June 30, 2025 and 2024, was $321,437 and $472,904 respectively.

Note 14 - Leases (continued)

The following table summarizes the undiscounted fixed cash flows from lease payments to be received under the operating leases:

Year ending June 30	
2026	209,670
2027	200,662
2028	206,681
2029	212,882
2030	235,772
	$ 1,065,667

Note 15 - Net Assets with Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Subject to expenditure for specified purposes:		
San Benito County	$ 426,438	$ 359,840
Monterey County	114,313	12,000
Friends Funds - Southern California	58,449	58,449
Friends Funds - San Luis Obispo	30,409	30,409
Cypress Funds	9,301	12,329
Funds and programs with less than $10,000 at year end	1,952	7,584
	640,862	480,611
Donor restricted endowment for general use	65,175	65,175
	$ 706,037	$ 545,786

Note 16 - Endowments

Contributions to the Organization's endowment funds are subject to donor restrictions that stipulate the original principal is to be held and invested by the Organization indefinitely, and only the income may be expended for unrestricted or specified purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. The Organization's endowment funds are held in cash and investment accounts.

Changes to the endowment net assets are as follows:

Beginning balance July 1, 2023	$	65,175
		-
Ending balance June 30, 2024		65,175
		-
Ending balance June 30, 2025	$	65,175

All investment returns related to endowment assets were transferred to net assets without donor restrictions, as directed by the board spending policy.

Note 17 - Government Contract Revenues

Government contract revenues for the years ended June 30, 2025 and 2024 consist of the following:

	2025	2024
Community based programs	$ 101,655,566	$ 102,121,613
Education and school based programs	61,358,462	51,259,095
Foster care and permanency	8,875,884	9,445,431
Other government funding	2,764,218	-
	$ 174,654,130	$ 162,826,139

As of June 30, 2025, and 2024, respectively, the Organization received $12,361,792 and $7,484,767 in cost reimbursable grants and contracts that have not been recognized as revenue because qualifying expenditures have not yet occurred. These are shown on the statement of financial position as refundable advances.

Note 18 - Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ended June 30:

	2025	2024
Rent	$ 173,554	$ 297,792
Donations for use in programs	43,223	63,779
Legal services	3,915	23,848
In-kind contributions - Valor School	60,000	-
	$ 280,692	$ 385,419

Donated goods and supplies for use in programs are valued at the U.S. wholesale price (principal market) of identical or similar products using pricing data under a ”like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution.

The Organization receives donated professional services that would typically be purchases if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the contribution is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

The Organization also receives the use of donated facilities rent for certain program operations and supporting services. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. Fair value is estimated using the average price per square foot of rental listings in the Organization’s service area. Donated rent is valued at the fair value of similar properties available in commercial real estate listing.

Note 19 - Other Revenue

Other revenue for the years ended June 30, 2025 and 2024 consists of the following:

	2025	2024
Gain on sale of real property	$ 98,384	$ 3,539,881
Miscellaneous program revenues and cost settlements	1,325,405	893,384
Family finding and identification services	673,865	667,870
Overpayments recognized	129,570	214,742
Lease income, net of expenses of $244,582 and $313,428, respectively	76,854	159,476
Computer consulting	18,000	46,000
Other	273,132	238,051
	$ 2,595,210	$ 5,759,404

Note 20 - Other Commitments, Reserves and Contingencies

Pursuant to county, state and federal requirements for funding community service centers, the Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations.

The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the organization has no provision for the possible disallowance of program costs on its financial statements.

In November 2023, the Organization was informed of a clerical billing error related to the provider NPI number on a Contra Costa County mental health contract, resulting in a denial of state funding to the county. Management believed the loss was both probable and estimable, and had accrued a $541,764 liability as of June 30, 2024, and 2023. The services had been rebilled to Contra Costa County as of June 30, 2024.

Note 20 - Other Commitments, Reserves and Contingencies (continued)

During the year ended June 30, 2025, Contra Costa County finalized its review of the previously disputed billings and approved $325,214 as allowable. The remaining disallowed amount of $188,418, which represents amount to be repaid to the County, has been recorded as Due to Counties account within accrued liabilities.

In addition, as of June 30, 2025, management has determined that $2,764,574 is owed to Santa Clara County for finalized cost report settlements and certain disallowed expenses. This amount was previously included in the contract contingency reserve balance.

Management plans to appeal the cost report settlements and audit results related to the amount owed to Santa Clara County. The outcome of the appeal process cannot be determined at this time, and no adjustments have been made to the financial statements for any potential changes resulting from the appeal.

As of June 30, 2025, the total amount due to the counties of $2,952,992 has been recorded as Due to Counties account within accrued liabilities.

Contract contingency reserve - The Organization is primarily funded through county, state, and federal government contracts, which are subject to political, financial, and operational risks which may affect the ongoing funding of contracts. To protect from any fiscal impact of changing contract terms potentially leading to sudden and unexpected loss of revenue, the Organization established a contracts contingency reserve. The reserve is based on a percentage of certain program revenues.

Workers' compensation contingency reserve - The Organization is self-insured through the state of California for its workers' compensation insurance costs. The Organization is liable for costs up to $500,000 per claim, with state and third-party insurance coverage for costs in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not yet reported.

Health insurance contingency reserve - In October 2022, the Organization established an Employee Benefit plan for its employee health insurance costs. The Organization is liable for costs on claims up to $45,000 per claim. The Organization has third-party insurance coverage for any costs in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not yet reported. The total reserve for self-insurance costs related to employee health insurance was $1,230,900 and $2,314,289 as of June 30, 2025 and 2024. Expenses relating to the self-insured medical programs for the years ended June 30, 2025 and 2024, were $5,290,346 and $3,357,967, respectively.

Note 20 - Other Commitments, Reserves and Contingencies (continued)

Property reserve contingency reserve - Effective November 16, 2022, the Organization established the property reserve fund to ensure its financial stability as upgrades and repairs on property assets become necessary. The total goal for the Property Reserve fund is to allocate 5% of the actual property assets to the fund over a period of five years, or until the goal is met or amended. For the years ended June 30, 2025 and 2024, the Organization allocated $11,619 and $363,778 to the fund, respectively. Expenditures from the fund totaled $0 and $101,560 for the years ended June 30, 2025 and 2024, respectively.

Total reserves on the statements of financial position as of June 30, 2025 and 2024 are as follows:

	2025	2024
Workers' compensation	$ 4,349,153	$ 4,871,537
Contract contingency	1,015,884	3,554,967
Self-insured health insurance	1,230,900	2,314,289
Property reserve	375,397	363,778
	6,971,334	11,104,571
Current portion	(1,440,000)	(1,895,497)
	$ 5,531,334	$ 9,209,074

Legal claims and contingencies - The Organization is periodically involved in claims and legal proceedings arising in the normal course of business. The Organization maintains professional liability insurance coverage, subject to certain deductible and policy limits, against such claims. While management believes that resolution of most such matters will not have a material adverse effect on the Organization's financial position, results of operations, or liquidity, one significant matter is described below.

During fiscal year 2025, the Organization was named as a defendant in a class action lawsuit under the California Private Attorneys General Act (PAGA) alleging labor code violations. The matter was settled subsequent to year-end for $2,750,000. The Organization recorded a contingent liability as of June 30, 2025, representing management's best estimate of the settlement amount. Both parties signed the settlement agreement on August 18, 2025, and the settlement is pending final court approval. Management believes that the settlement will be approved by the court and will fully resolve all claims related to this matter.

Note 21 - Concentration of Credit Risk

The Organization maintains cash balances and money market accounts at various financial institutions which are FDIC insured up to the limits allowed by law. At times such balances may exceed the insurance limit. The Organization has not experienced any losses in such accounts, and management believes the Organization is not exposed to any significant credit risk related to cash.

Note 22 - Retirement Plan

All employees with over 1,000 hours of service are covered by a 403(b) tax deferred annuity plan. Employees are eligible to participate in the plan immediately and are eligible for employer discretionary contributions after 24 months of service. Participants may elect to defer a percentage of their salaries, up to the amounts allowed by law. Employer contributions are at the discretion of the board of directors. For the years ended June 30, 2025, and 2024, the Organization expensed $1,084,758 and $2,334,534, respectively, in discretionary contributions; these amounts are included in accrued liabilities as of June 30, 2025 and 2024.

Note 23 - Subsequent Events

Management has evaluated subsequent events through November 20, 2025, the date on which the financial statements were available to be issued.

<u>Purchase of real properties for use in operations</u>

Subsequent to June 30, 2025, the Organization purchased several real properties for use in its operations.

On September 11, 2025, the Organization purchased real property in King County, Washington for $2,450,000, of which $1,837,500 was funded by a grant from State of Washington Department of Commerce.

On September 11, 2025, the Organization purchased real property in King County, Washington for $350,000 cash.

On October 2, 2025, the Organization purchased real property in Santa Clara County for $1,435,000 cash.

On October 24, 2025, the Organization purchased real property in Sacramento County for $825,000 cash.

Note 24 - Information Regarding Liquidity and Availability

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions.

The Organization considers investment income without donor restrictions, appropriated earnings from donor restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. The Organization also has a line of credit available to meet cash flow needs (see Note 10).

The following table reflects the Organization's financial assets as of June 30, 2025, excluding amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions – see Note 15. Amounts not available to meet general expenditures within one year also may include net assets designated by the board for particular purposes. At June 30, 2025 and 2024, net assets with board designations were $498,130 and $449,103, respectively.

Note 24 - Information Regarding Liquidity and Availability (continued)

Following is the summary of financial assets available as of June 30:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 29,180,679	$ 22,683,817
Accounts receivable - government agencies	41,940,920	44,282,105
Accounts receivable - other	3,914,846	4,132,417
Investments	512,685	462,771
	75,549,130	71,561,110
Donor imposed restrictions:		
Assets restricted for specified purposes	(706,037)	(545,786)
Net financial assets after donor-imposed restrictions	74,843,093	71,015,324
Internal designations:		
Assets designated for Central Coast operations	(498,130)	(449,103)
Total financial assets available to meet cash needs for general expenditures within one year	$ 74,344,963	$ 70,566,221

Note 25 - Non-cash Transactions

Following is the summary of non-cash transactions for the years ended June 30:

	2025	2024
In-kind contributions for use in operations	280,692	385,419

See Note 14 for information on non-cash transactions related to leases.

Note 26 - Deconsolidation of Subsidiary

On June 6, 2024, Seneca's Board of Directors authorized the termination of the relationship with its controlled subsidiary Just Advocates and transferred control of all remaining net assets of the subsidiary, which consisted of the following assets and liabilities as of June 6, 2024:

Cash	$	1,409,625
Accrued expenses	$	(395)

After June 6, 2024, Seneca no longer held any controlling financial interest or retained any economic interest in Just Advocates. The result was a deconsolidation of the subsidiary as of that date.

The deconsolidation was accounted for as a nonreciprocal transfer of net assets in accordance with the applicable provisions of Accounting Standards Codification (ASC) 958-605 (*Not-for-Profit Entities: Revenue Recognition*) and by analogy to ASC 810-10-40 (*Deconsolidation Guidance*). The assets transferred were measured at their carrying amount, and no gain or loss was recognized in the statement of activities and net assets for the year ended June 30, 2024. The deconsolidation resulted in a $1,409,230 reduction in net assets without donor restrictions as of June 6, 2024.

Financial statements as of June 30, 2024 and for the year then ended were prepared on a deconsolidated basis, and the accompanying June 30, 2025 and 2024 comparative financial statements reflect the effects of this deconsolidation.

The statement of activities for the year ended June 30, 2024, included Just Advocates revenues of $241,632 and change in net assets of ($271,522) for the period July 1, 2023 through June 6, 2024, after elimination of intercompany activity. Just Advocates' revenues of $101,565 and change in net assets of $54,862 from June 7, 2024 through June 30, 2024, have been excluded from the financial statements for the year ended June 30, 2024. No activity of Just Advocates is included in the accompanying financial statements for the year ended June 30, 2025.

Supplementary Information

SENECA FAMILY OF AGENCIES

Schedule of Expenditures of Alameda County Grants

Year Ended June 30, 2025

Program Name	County Department	Master & Procurement Contract Number	Contract Period	Contract Amount	Expenditures	Amount Received from County
Mental Health	ACBHD	900121-26499	7/1/2024-6/30/2025	$ 22,089,008	$ 19,841,724	$ 19,911,980
Mental Health Services under the School Based Behavioral Health Initiative	Alameda County	900121-27016	7/1/2024-6/30/2025	$ 56,104	$ 56,104	$ 56,104
Connections FSP	ACBHD	902147-26450	7/1/2024-6/30/2026	$ 37,804,022	$ 944,797	$ 955,349
Youth Service Center	Probation	902171-25590	7/1/2024-6/30/2026	$ 468,595	$ 219,842	$ 213,070
Total				$ 60,417,729	$ 21,062,467	$ 21,136,504

See auditor's report.

SENECA FAMILY OF AGENCIES

Schedule of Expenditures of Sonoma County Grants

Year Ended June 30, 2025

Program Name	BH	Wrap MH	Wrap SS	FURS	Trauma Counseling	CAPS	YDCM	KKIS	ICM
CFDA #	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County Department	Behavioral Health Dept.	Behavioral Health Dept.	Social Services Dept.	Social Services Dept.	Probation Dept.	Social Services Dept.	Probation Dept.	Probation Dept.	Probation Dept.
Master Contract Number	2023-1648-A04	2023-1611-A01	FYC-SFA-WRAP-2325	FYC-SFA-FURS-2425	Seneca TCVP 063027	FYC-SFA-CAPS-2325	Seneca YDCM 123126	Seneca KKIS 063025	Seneca ICM 063025
Contract Period	7/1/2023-6/30/2025	7/1/2023-6/30/2025	7/1/2023-6/30/2025	7/1/2024-6/30/2025	10/1/2024-6/30/2027	7/1/2023-6/30/2025	1/1/2024-6/30/2026	7/1/2024-6/30/2025	7/1/2024-6/30/2025
Contract Amount	$ 2,750,000	$ 2,050,000	$ 4,367,000	$ 703,609	$ 863,663	$ 559,060	$ 1,353,952	$ 1,300,000	$ 699,999
Expenses									
Salaries and PR Benefits	$ 742,802	$ 1,144,838	$ 1,407,495	$ 262,485	$ 48,108	$ 195,725	$ 218,488	$ 946,254	$ 614,552
Operating Expenses	$ 71,703	$ 252,012	$ 104,598	$ 8,465	$ 3,497	$ 5,029	$ 16,586	$ 51,126	$ 34,988
Admin Alloc	$ 134,628	$ 230,875	$ 249,719	$ 44,717	$ 8,551	$ 33,145	$ 38,849	$ 164,728	$ 107,318
Total Expenses	$ 949,133	$ 1,627,725	$ 1,761,811	$ 315,668	$ 60,155	$ 233,899	$ 273,923	$ 1,162,108	$ 756,858
Amount reimbursed by county	$ 1,131,607	$ 2,050,000	$ 1,755,289	$ 316,932	$ 56,629	$ 222,052	$ 273,326	$ 1,178,194	$ 699,913

See auditor’s report.

SENECA FAMILY OF AGENCIES

Schedule of Expenditures of Contra Costa County Grants

Year Ended June 30, 2025

Program Name	CCC MH Contract	E-ISFC	Probation Wrap-PR	START MHSA	Wrap SS
CFDA #	N/A	93.658	N/A	N/A	93.556
County Department	Behavioral Health Dept.	Social Services Dept.	Probation Dept.	Behavioral Health Dept.	Social Services Dept.
Master Contract Number	74-058-40	20-494-1	47180-04	74-676-1	20-578-0
Contract Period	7/1/2024-6/30/2025	7/1/2024-6/30/2025	7/1/2024-6/30/2025	7/1/2024-6/30/2025	7/1/2024-6/30/2025
Contract Amount	$ 9,063,460.00	$ 770,987	$ 439,840	$ 737,109	$ 840,641
Expenses					
Salaries and PR Benefits	$ 5,148,673	$ 243,043	$ 148,547	$ 526,198	$ 443,586
Operating Expenses	$ 500,166	$ 250,163	$ 5,137	$ 64,165	$ 68,234
Admin Alloc	$ 718,878	$ 81,595	$ 25,394	$ 97,491	$ 84,500
Total Expenses	$ 6,367,717	$ 574,801	$ 179,079	$ 687,854	$ 596,320
Amount reimbursed by county	$ 6,284,310	$ 597,638	$ 203,525	$ 535,976	$ 968,147

See auditor's report.

GILMORE & ASSOCIATES, LLP

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 Audit Committee of
Seneca Family of Agencies

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Seneca Family of Agencies, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Seneca Family of Agencies' internal control.

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

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

CERTIFIED PUBLIC ACCOUNTANTS
411 BOREL AVENUE, SUITE 501 SAN MATEO, CA 94402 (650) 432-6110 FAX (650) 432-6116

Report on Compliance and Other Matters

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

Purpose of This Report

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

Gilmore and Associates, LLP

San Mateo, California
November 20, 2025