Keegan Linscott & Associates, PC

Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TMM FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

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Keegan
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Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TMM Family Services, Inc.
Tucson, AZ

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of TMM Family Services, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, expenses by function and nature, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 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 Qualified Opinion

As further described in Note 4, the Organization had not consolidated the activity of a limited partnership in which the Organization had ownership interests as the general partner in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. The effects on the financial statements or the related disclosures have not been determined.

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 ("*Government Auditing Standards*"). 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 Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 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.

Keegan Linscott & Associates, PC

Tucson, Arizona
February 12, 2026

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025

Assets	
Current assets	
Cash and cash equivalents	$ 1,413,126
Other receivables	23,912
Certificates of deposit held at a bank	1,760,728
Inventory	22,945
Prepaid expenses and other current assets	5,864
Total current assets	3,226,575
Beneficial interest in perpetual trust	12,917
Property and equipment, net	7,404,193
Total assets	$ 10,643,685
Liabilities	
Current liabilities	
Accounts payable	$ 54,452
Accrued expenses	33,639
Deferred revenue	11,717
Current portion of notes payable	315,355
Total current liabilities	415,163
Refundable tenant deposits	36,939
Notes payable	2,950,635
Total liabilities	3,402,737
Net assets	
Without donor restrictions	7,240,948
	7,240,948
Total liabilities and net assets	$ 10,643,685

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Revenues and Other Support		
Rental income	$	602,263
Recycling center sales		297,124
Grants and contracts revenue		1,584
Contributions		106,242
In-kind contributions		489,331
Investment income		74,566
Other revenue		345,116
Total revenues and other support		1,916,226
Expenses		
Program		1,833,006
General and administrative		628,267
Fundraising		56,452
Total expenses		2,517,725
Change in net assets		(601,499)
Net assets, beginning of year		7,842,447
Net assets, end of year	$	7,240,948

STATEMENT OF EXPENSES BY FUNCTION AND NATURE

FOR THE YEAR ENDED JUNE 30, 2025

	Housing	ReStore Recycling Center	Family Journey	Senior Vets	Total Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 197,917	$ 217,554	$ 66,128	$ 46,023	$ 527,622	$ 150,702	$ 39,306	$ 717,630
Payroll taxes	15,833	18,371	5,850	4,040	44,094	12,419	3,204	59,717
Employee benefits	12,458	10,728	3,874	2,232	29,292	21,177	523	50,992
Total personnel	226,208	246,653	75,852	52,295	601,008	184,298	43,033	828,339
Advertising and promotion	3,389	-	11	-	3,400	12,709	1,631	17,740
Bank charges	-	2,655	135	-	2,790	-	-	2,790
Contracted services	29,932	4,166	58,127	119	92,344	-	-	92,344
Depreciation	380,719	23,795	-	-	404,514	71,385	-	475,899
Dues and subscriptions	-	378	33	-	411	18,073	217	18,701
In-kind costs of goods sold	-	296,423	-	-	296,423	-	-	296,423
Insurance	104,832	-	-	-	104,832	6,981	-	111,813
Interest expense	31,111	-	-	-	31,111	-	-	31,111
Legal and accounting	6,697	3,370	-	-	10,067	163,449	4,563	178,079
Miscellaneous expenses	-	-	150	-	150	19,901	-	20,051
Office supplies and expense	24,151	4,486	491	180	29,308	40,486	4,197	73,991
Program supplies	-	-	-	-	-	513	-	513
Repairs and maintenance	30,075	10,041	42,863	31,743	114,722	50,888	2,331	167,941
Restore expenses	-	5,564	-	-	5,564	507	-	6,071
Travel and training	-	-	187	-	187	3,873	480	4,540
Utilities	67,508	24,530	6,330	27,985	126,353	55,204	-	181,557
Vehicle expense	155	9,211	456	-	9,822	-	-	9,822
Total expenses	$ 904,777	$ 631,272	$ 184,635	$ 112,322	$ 1,833,006	$ 628,267	$ 56,452	$ 2,517,725

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities	
Change in net assets	$ (601,499)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	475,899
Donated property and equipment	(200,000)
Net realized and unrealized gain on certificates of deposit held at a bank	(16,198)
Net realized and unrealized gain on beneficial interest in perpetual trust	(1,129)
Gain on sale of investment in affiliate	(315,923)
Partial forgiveness of City of Tucson - JP Morgan Chase forgivable loan	(19,000)
Changes in operating assets and liabilities	
Grants and contracts receivable	11,144
Other receivables	(7,812)
Inventory	7,092
Prepaid expenses and other current assets	6,155
Accounts payable	(36,855)
Accrued expenses	3,158
Deferred revenue	8,125
Refundable tenant deposits	(1,147)
Net cash used in operating activities	(687,990)
Cash Flows from Investing Activities	
Purchases of certificates of deposit	(1,750,000)
Proceeds from maturities of certificates of deposit	269,682
Purchases of property and equipment	(11,860)
Proceeds from the sale of investments in affiliates	395,488
Net cash used in investing activities	(1,096,690)
Cash Flows from Financing Activities	
Payments on notes payable	(72,089)
Net cash used in financing activities	(72,089)
Net change in cash and cash equivalents	(1,856,769)
Cash and cash equivalents, beginning of year	3,269,895
Cash and cash equivalents, end of year	$ 1,413,126
Supplemental Disclosure of Cash Flow Information	
Cash paid for interest	$ 31,111
Supplemental Schedule of Non-Cash Operating Activities	
Donated property and equipment	$ 200,000
Partial forgiveness of City of Tucson - JP Morgan Chase forgivable loan	$ 19,000

NOTES TO FINANCIAL STATEMENTS

1. Purpose of Organization

TMM Family Services, Inc. (the "Organization") is an Arizona nonprofit corporation whose mission is to provide quality affordable housing, essential education, and stability for qualifying low-income seniors, single parents, and veterans within the Greater Tucson area. Additionally, the Organization has a recycling center for used building materials, furniture, appliances, household items and clothing to the residents served and community at large. The Organization's primary sources of revenue are rental income, government grants and contracts, and community support.

2. Significant Accounting Policies

Basis of Presentation
The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

- **With Donor Restrictions** – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time or must be maintained by the Organization permanently.

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as increases in net assets without donor restrictions. The Organization had no net assets with donor restrictions as of June 30, 2025.

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Cash and Cash Equivalents
For financial reporting purposes, the Organization considers all highly liquid investments with purchased maturities of ninety days or less to be cash equivalents. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk. As of June 30, 2025, the Organization had approximately $1.8 million in excess of FDIC insured limits.

Certificates of Deposit Held at a Bank
Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term, and certificates of deposit with remaining maturities greater than one year are classified as long-term.

Property and Equipment, Net
Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings	15 – 40 years
Building improvements	15 – 40 years
Furniture and equipment	5 – 10 years
Vehicles	5 – 10 years

Acquisitions of property and equipment and repairs or betterments that materially prolong the useful lives of assets in excess of $2,500 are capitalized. Repairs and maintenance for normal upkeep are charged to expense as incurred. When property and equipment are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2025, the Organization had not experienced impairment losses on its long-lived assets.

Leases
Lessor Leases
The Organization leases its property to vulnerable populations. These residential tenant leases are principally short term in nature and at the end of the initial one-year term, the lease will either automatically be renewed on a month-to-month basis or a new short-term lease is executed. The lease may be terminated by either party at the end of the initial term.

Revenue Recognition
Exchange Transactions
Rental Income - Rental income from short-term leases on apartment units is recognized in accordance with ASC 842, *Leases*. Rental income is recognized evenly over the terms of the tenant leases on the accrual basis. Rental receipts received in advance are deferred until earned.

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Revenue Recognition (continued)
Exchange Transactions (continued)
Recycling Center Sales - The Organization recognizes recycling center sales in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization's recycling center sales consist of donated building materials, furniture, appliances, household items and clothing, which are recorded at a determined transaction price that varies by item. The Organization records revenue from these sales upon delivery of the goods to the customer, which occurs at the point of sale. Performance obligations are determined to be the completed sale of each item. As of June 30, 2025 and 2024, the Organization had no contract assets or liabilities related to recycling center sales.

Contributions
Grants and Contracts Revenue - The Organization accounts for its grants and contracts revenue by first determining whether the transaction is an exchange transaction or a contribution. If the transaction is one in which each party to the transaction directly receives commensurate value, then the transaction is considered an exchange transaction and the Organization recognizes revenue in accordance with ASC 606. Grants and contracts revenue from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred or services are provided. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605. None of the Organization's grants and contracts revenue were considered exchange transactions for the year ended June 30, 2025.

Contributions - Contributions are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a contribution is received. Donor imposed restrictions for time and/or purpose are not considered a significant barrier and thus these contributions are recorded as unconditional.

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Revenue Recognition (continued)
Contributions (continued)
Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met, deferred revenue is recorded on the statement of financial position for the amount of funds provided by the donor. Consequently, grant and contract revenue is recognized when the related barriers to provide services are deliver and/or expenditures are incurred.

Donated Goods, Property and Services - Contributions of donated non-cash assets including goods and property are recorded at their fair values on the date the asset is donated. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service. Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation.

Advertising Costs
The cost of advertising is expensed when incurred. The Organization does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

Functional Allocation of Expenses
The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Expenses that can be identified to a specific program or support service are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on either full-time equivalent or square footage depending on what is considered the most appropriate cost driver.

Tax Exempt Status
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from Arizona income tax.

Management has considered its tax positions in accordance with the accounting standard for uncertainty in income taxes and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. In addition, Management is not aware of any matters which would cause the Organization to lose its tax-exempt status. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Should the Organization ever be subject to interest and penalties related to unrecognized tax benefits, they would be classified in general and administrative expenses in its accompanying financial statements. During the year ended June 30, 2025, the Organization did not recognize any interest and penalties.

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with U.S. 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 financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Liquidity and Availability of Resources

The following table shows a determination of the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30, 2025:

Cash and cash equivalents	$	1,413,126
Other receivables		23,912
Certificates of deposit held at a bank		1,760,728
Total financial assets		3,197,766
Less amounts unavailable for general expenditures within one year, due to:		
Refundable tenant deposits		(36,939)
Financial assets available to meet cash needs for general expenditures within one year	$	3,160,827

The Organization is substantially supported by current year rental income and grants and contracts revenue, which are predictable. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages liquidity by maintaining adequate working capital and monitoring liquid assets on a monthly basis. In the event of financial distress, the Organization would be able to draw on its line of credit or liquidate investments for short-term cash needs.

4. Investment in Affiliate

Willcox Apartments Limited Partnership

The Organization was the sole member of Willcox Affordable Housing, Inc., which was the general partner of Willcox Apartments Limited Partnership. Management elected to report its interest in Willcox Apartments Limited Partnership using the equity method of accounting rather than consolidating this entity within the accompanying financial statements as required by U.S. GAAP. As of July 1, 2024, the Organization's investment was reported as totaling $80,725 and the effect of consolidating the individual accounts and operations of this entity within the accompanying financial statements had not been determined. In August 2024, the Organization sold its interest in Willcox Apartments Limited Partnership to a third party. Net proceeds from the sale were $395,488, and after related costs were deducted, the Organization recorded a net gain of $315,923 which is included within other revenue in the accompanying statement of activities.

NOTES TO FINANCIAL STATEMENTS

5. Property and Equipment, Net

Property and equipment consisted of the following as of June 30, 2025:

Land	$	1,434,797
Buildings		9,835,181
Building improvements		2,428,312
Furniture and equipment		435,159
Vehicles		56,299
		14,189,748
Less accumulated depreciation		(6,785,555)
Ending balance	$	7,404,193

During 2025, the Organization received a building improvement donation valued at $200,000 from a donor, representing renovations completed over the prior two years. The improvements were placed in service on May 1, 2025, and have been recorded as a contribution and capitalized in property and equipment in accordance with the Organization's accounting policies for donated assets.

6. Line of Credit

In April 2003, the Organization entered into a line of credit agreement with a bank for an amount of $150,000 with no maturity date. The line of credit requires monthly interest only payments with interest at the Prime Rate plus 0.50% (8.00% at June 30, 2025) and payments of principal at the lender's discretion. The line of credit is collateralized by property as specified in the related agreement. The line of credit had no outstanding balance as of June 30, 2025.

7. Notes Payable

Notes payable consisted of the following as of June 30, 2025:

	Interest Rate	Collateral	Maturity Date		Balance
Forgivable notes payable:					
City of Tucson 4-plex	0%	Property	June 2027	$	270,000
City of Tucson 5-plex	0%	Property	April 2030		130,252
City of Tucson – JP Morgan Chase Loan	0%	Property	July 2027		15,000
Arizona Department of Housing 405-07	0%	Property	June 2027		586,723
Arizona Department of Housing 409-11	0%	Property	April 2031		742,218
Other notes payable:					
Pima County Senior Housing Note	0%	Property	July 2039		708,000
Construction Loan	4.93%	Property	March 2028		539,362
ReStore Loan	3.44%	Property	March 2026		274,435
			Total		3,265,990
			Less current position		(315,355)
			Long-term position	$	2,950,635

NOTES TO FINANCIAL STATEMENTS

Notes Payable (continued)

City of Tucson 4-plex: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, the note is forgivable in June 2027.

City of Tucson 5-plex: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, the note is forgivable in April 2030.

City of Tucson – JP Morgan Chase Loan: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, the note is forgivable in July 2027.

Arizona Department of Housing 405-07: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, the note is forgivable in June 2027.

Arizona Department of Housing 409-11: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, the note is forgivable in April 2031.

Pima County Senior Housing Note: No annual payments are required on this note. The note is secured by a deed of trust on real property. Provided that the Organization complies with the terms of the agreement for affordable housing, a balloon payment will be due upon maturity in July 2039.

Construction Loan: Bank loan with monthly payments of $3,410, including interest at 4.93% through March 2028. The noted is secured by a deed of trust on real property and requires the Organization be in compliance with a debt service coverage ratio of not less than 1.25 and total liabilities divided by tangible net worth not greater than 2. The Organization was in compliance with total liabilities divided by tangible net worth financial covenant but was not in compliance with the debt service coverage ratio financial covenant as of June 30, 2025; however, the bank waived the requirement to comply with this financial requirement for the year ending June 30, 2025.

Restore Loan: Bank loan with monthly payments of $2,751, including interest at 3.44% through March 2036. The note is secured by property and requires the Organization to be in compliance with a debt service coverage ratio of not less than 1.25. The Organization was not in compliance with this financial covenant as of June 30, 2025. As of February 12, 2026, the Organization was in the process of obtaining a waiver from this bank.

NOTES TO FINANCIAL STATEMENTS

Notes Payable (continued)

Future maturities of notes payable as of June 30, 2025 are as follows:

	Forgivable Notes Payable	Other Notes Payable	Total
Year ending June 30,			
2026	$ -	$ 315,355	$ 315,355
2027	856,723	40,920	897,643
2028	15,000	457,522	472,522
2029	-	-	-
2030	130,252	-	130,252
Thereafter	742,218	708,000	1,450,218
	$ 1,744,193	$ 1,521,797	$ 3,265,990

8. In-kind Contributions

For the year ended June 30, 2025, in-kind contributions consist of donated property and equipment totaling $200,000, and donated food, furniture, clothing and home building materials totaling $289,331. The donated property and equipment represents renovations to the Organization's buildings used for program activities. These contributed nonfinancial assets were not monetized, do not have donor-imposed restrictions, and were recorded at the estimated value of the renovations had they been purchased from the Organization's vendors. The donated food, furniture, clothing and building materials are donated to the Organization and subsequently sold in the Organization's Restore recycling center to the general public as a program activity. These contributed nonfinancial assets do not have donor-imposed restrictions and as the fair market value of these items is not readily determinable until the items are sold, the value is determined by the selling price upon sale.

9. Retirement Plan

The Organization sponsors a qualified 401(k) retirement plan (Plan) covering substantially all employees who reached age 18 years or older after completing 2 consecutive months of service. Employee matching is available for employees who have completed a minimum of 1,000 hours of service. The Organization may also make discretionary contributions to the Plan. The Organization's discretionary contributions for the year ended June 30, 2025, totaled $19,460.

10. Related Party Transactions

During the year ended June 30, 2025, the Organization paid $43,752 in IT fees to a company owned by a board member. Amounts payable to the company totaled $3,553 as of June 30, 2025.

11. Subsequent Events

The Organization evaluated subsequent events through February 12, 2026, which represents the date the financial statements were available to be issued and concluded that no additional disclosures are required.

Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

TMM FAMILY SERVICES, INC.

SINGLE AUDIT REPORTS AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TMM Family Services, Inc.

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 ("*Government Auditing Standards*"), the financial statements of TMM Family Services, Inc. (the "Organization"), which comprise the Organization's statement of financial position as of June 30, 2025, and the related statements of activities, expenses by function and nature, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2026.

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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 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.

Keegan Linscott & Associates, PC

Tucson, Arizona
February 12, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TMM Family Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program
We have audited TMM Family Services, Inc.'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 the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is 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 its major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the 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 as-signed 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2025, and have issued our report thereon dated February 12, 2026, which contained an qualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Keegan Linscott & Associates, PC

Tucson, Arizona
February 12, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America. .... Qualified

Internal control over financial reporting:

Material weakness(es) identified? .... No

Significant deficiency(ies) identified? .... None Reported

Noncompliance material to financial statements noted? .... No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified? .... No

Significant deficiency(ies) identified? .... None Reported

Type of auditor's report issued on compliance for major federal program .... Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? .... No

Identification of major federal program:

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs. $750,000

Auditee qualified as low-risk auditee? .... No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to the financial statements for which *Government Auditing Standards* require reporting.

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies audit findings required to be reported by 2 CFR 200.516(a), including significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, and significant instances of abuse.

No matters were reported.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number		Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development ("HUD") Programs				
Passed through the City of Tucson				
Continuum of Care Program	14.267		192380	$ 784
Total for Program				784
Passed through Pima County				
Home Investment Partnerships Program Loan	14.239	*	CT-CD-6-430	708,000
Passed through City of Tucson				
Home Investment Partnerships Program Loan	14.239	*	N/A	34,000
Home Investment Partnerships Program Loan	14.239	*	0054-08	130,252
Home Investment Partnerships Program Loan	14.239	*	0337-06	270,000
Passed through Arizona Department of Housing				
Home Investment Partnerships Program Loan	14.239	*	405-07	586,723
Home Investment Partnerships Program Loan	14.239	*	409-11	742,218
Total for Program				2,471,193
Total HUD Programs				$ 2,471,977
Total Expenditures of Federal Awards				$ 2,471,977

* Denotes major program

SEE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2025. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Loan Programs

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the SEFA. The balance of loans outstanding as of June 30, 2025 consists of:

Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number		Outstanding Balance as of June 30, 2025
Home Investment Partnerships Program	14.239	CT-CD-6-430	$	708,000
Home Investment Partnerships Program	14.239	N/A		15,000
Home Investment Partnerships Program	14.239	0054-08		130,252
Home Investment Partnerships Program	14.239	0337-06		270,000
Home Investment Partnerships Program	14.239	405-07		586,723
Home Investment Partnerships Program	14.239	409-11		742,218
			$	2,452,193