ALZHEIMER'S COMMUNITY CARE, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Contents

	Page
Independent Auditors' Report	1 - 3
Consolidated Financial Statements	
Statement of financial position as of June 30, 2023	4
Statement of activities and changes in net assets for the year ended June 30, 2023	5
Statement of functional expenses for the year ended June 30, 2023	6 - 7
Statement of cash flows for the year ended June 30, 2023	8
Notes to consolidated financial statements	9 - 22

EisnerAmper LLP
505 South Flagler Drive
Suite 900
West Palm Beach, FL 33401
T 561.832.9292
F 561.832.9455
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alzheimer's Community Care, Inc. and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Alzheimer's Community Care, Inc. and Subsidiary as of June 30, 2023, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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.

Correction of Error

As the prior period financial statements have not been presented herein, the July 1, 2022 opening balance of the consolidated statement of activities and changes in net assets has been restated to correct an error as discussed in Note B to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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.

EisnerAmper LLP

EISNERAMPER LLP
West Palm Beach, FL
March 29, 2024

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
June 30, 2023

ASSETS	
Cash and cash equivalents	$ 116,940
Accounts receivable, net	1,136,802
Employee retention credit receivable	1,480,044
Prepaid expenses and other assets	137,145
Investments	8,069,857
Property and equipment, net	2,444,556
Operating right-of-use assets	675,565
Security deposits	8,087
Total assets	$ 14,068,996
LIABILITIES	
Accounts and contracts payable	$ 340,832
Accrued expenses and other liabilities	249,942
Deferred revenue	19,970
Line-of-credit	425,000
Operating lease liabilities	684,564
Total liabilities	1,720,308
Commitments and contingencies (Note J)	
NET ASSETS	
Without donor restrictions	11,320,510
With donor restrictions	1,028,178
Total net assets	12,348,688
Total liabilities and net assets	$ 14,068,996

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and other support:			
Program services	$ 4,370,295	$ -	$ 4,370,295
Contributions	357,732	380,500	738,232
In-kind contributions	509,264	-	509,264
Government grants	748,479	-	748,479
United Way contributions	260,958	-	260,958
Educational training	105,575	-	105,575
Employee retention credit	1,480,044	-	1,480,044
Investment income, net	762,067	-	762,067
Other revenue	72,229	-	72,229
Net assets released from restrictions	138,375	(138,375)	-
Total revenues and other support	8,805,018	242,125	9,047,143
Expenses:			
Program services:			
Special program:			
Daycare	5,235,039	-	5,235,039
Patient and family services:			
Family consultants	1,197,416	-	1,197,416
Case management	425,767	-	425,767
Crisis line	38,422	-	38,422
Other services:			
ID locator bracelets	502,662	-	502,662
Education and training	663,892	-	663,892
Volunteer services	24,052	-	24,052
Total program services	8,087,250	-	8,087,250
Supporting services:			
Management and general	619,647	-	619,647
Fundraising	206,838	-	206,838
Total supporting services	826,485	-	826,485
Total expenses	8,913,735	-	8,913,735
Change in net assets	(108,717)	242,125	133,408
Net assets, beginning of year, as originally presented	10,653,010	786,053	11,439,063
Restatement (Note B)	776,217	-	776,217
Net assets at beginning of year, as restated	11,429,227	786,053	12,215,280
Net assets at end of year	$ 11,320,510	$ 1,028,178	$ 12,348,688

See notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services							
	Special Program	Patient and Family Services			Other Services			
	Daycare	Family Consultant	Case Management	Crisis Line	ID Locator Bracelets	Education and Training	Volunteer Services	Total Program Expenses
Salaries	$ 2,709,944	$ 589,458	$ 266,241	$ 13,462	$ 337,935	$ 215,809	$ 6,385	$ 4,139,234
Contract labor	25,219	6,341	2,710	387	2,374	2,070	373	39,474
Employee benefits	251,799	59,726	11,194	959	20,722	14,536	479	359,415
Payroll taxes	198,894	41,648	20,542	1,006	25,921	16,295	493	304,799
Total personnel and related expenses	3,185,856	697,173	300,687	15,814	386,952	248,710	7,730	4,842,922
Interest expense	11,165	3,545	888	165	642	1,396	155	17,956
Bad debt	-	-	-	-	-	-	-	-
Professional fees	243,378	76,779	19,177	3,560	13,869	30,195	3,344	390,302
Office supplies and stationary	24,887	10,067	2,410	341	3,979	4,265	334	46,283
Telephone	106,186	22,751	6,020	4,401	3,967	4,735	522	148,582
Postage and shipping	1,171	502	119	1,545	72	937	16	4,362
Occupancy	295,425	80,882	15,144	974	13,022	8,253	915	414,615
In-kind rent	227,611	132,483	35,678	5,789	25,266	49,048	5,439	481,314
Utilities and other	17,797	3,198	715	-	491	-	-	22,201
Equipment maintenance	331,402	95,794	29,817	3,523	28,151	18,884	3,431	511,002
Travel	12,555	12,624	3,034	91	6,951	2,460	92	37,807
Conferences and meetings	3,582	868	217	40	157	275,276	38	280,178
Advertising	13,094	4,160	1,042	193	754	1,734	182	21,159
Recruiting	3,655	1,017	254	40	205	408	38	5,617
Program food	327,680	20	3	-	2	-	-	327,705
Program supplies	133,566	450	136	19	10,519	107	5	144,802
Insurance	98,195	38,975	7,556	1,399	5,465	11,855	1,315	164,760
Miscellaneous	43,784	10,432	2,572	473	1,983	5,161	444	64,849
Depreciation and amortization	154,050	5,696	298	55	215	468	52	160,834
	2,049,183	500,243	125,080	22,608	115,710	415,182	16,322	3,244,328
Total expenses	$ 5,235,039	$ 1,197,416	$ 425,767	$ 38,422	$ 502,662	$ 663,892	$ 24,052	$ 8,087,250

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses (continued)
Year Ended June 30, 2023

	Supporting Services			
	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 245,233	$ 63,355	$ 308,588	$ 4,447,822
Contract labor	994	1,143	2,137	41,611
Employee benefits	7,823	5,553	13,376	372,791
Payroll taxes	17,871	4,971	22,842	327,641
Total personnel and related expenses	271,921	75,022	346,943	5,189,865
Interest expense	578	719	1,297	19,253
Bad debt	81,485	-	81,485	81,485
Professional fees	40,758	27,528	68,286	458,588
Office supplies and stationary	9,448	2,215	11,663	57,946
Telephone	24,667	4,513	29,180	177,762
Postage and shipping	1,779	317	2,096	6,458
Occupancy	22,181	14,509	36,690	451,305
In-kind rent	-	27,950	27,950	509,264
Utilities and other	-	659	659	22,860
Equipment maintenance	16,649	20,790	37,439	548,441
Travel	8,583	1,206	9,789	47,596
Conferences and meetings	332	1,868	2,200	282,378
Advertising	83,632	4,376	88,008	109,167
Recruiting	270	561	831	6,448
Program food	-	-	-	327,705
Program supplies	1,158	13,141	14,299	159,101
Insurance	19,900	6,912	26,812	191,572
Miscellaneous	29,477	3,661	33,138	97,987
Depreciation and amortization	6,829	891	7,720	168,554
	347,726	131,816	479,542	3,723,870
Total expenses	$ 619,647	$ 206,838	$ 826,485	$ 8,913,735

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	$ 133,408
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	168,554
Bad debt expense	81,485
Realized and unrealized gain	(602,924)
Donated securities	(5,183)
Proceeds from sale of donated securities	5,183
Loss on disposal of property and equipment	54,230
Noncash lease expense	197,320
Changes in:	
Accounts receivable	(436,316)
Employee retention credit receivable	(1,480,044)
Prepaid expenses and other assets	50,980
Accounts and contracts payable	174,032
Accrued expenses and other liabilities	(163,480)
Deferred revenue	5,878
Operating lease liabilities	(188,321)
Net cash used in operating activities	(2,005,198)
Cash flows from investing activities:	
Purchases of property and equipment	(10,750)
Proceeds from sales of investments	1,304,013
Purchases of investments	(270,245)
Net cash provided by investing activities	1,023,018
Cash flows from financing activities:	
Proceeds from line-of-credit	550,000
Payments on line-of-credit	(525,000)
Net cash provided by financing activities	25,000
Change in cash and cash equivalents	(957,180)
Cash and cash equivalents at beginning of year	1,074,120
Cash and cash equivalents at end of year	$ 116,940
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	$ 19,253

See notes to consolidated financial statements.

NOTE A - ORGANIZATION AND PURPOSE

Alzheimer's Community Care, Inc. ("ACC") is a community-based, 501(c)(3), not-for-profit organization serving Palm Beach, Martin and St. Lucie Counties and is registered with the Florida Secretary of State in Tallahassee, Florida. ACC was incorporated in October 1996 by a group of local residents who were concerned about the growing number of people affected by Alzheimer's disease. The strategic principle established by ACC is that "We place a safety net around patients and caregivers every day."

ACC is free of religious, political, national or cultural affiliations. The mission of the ACC is "to promote and provide specialized, quality, and compassionate care within a community-based environment for patients and caregivers living with Alzheimer's disease and related neurocognitive disorders."

As of December 31, 2013, ACC received accreditation by the Joint Commission, the largest international accrediting organization for healthcare providers (hospitals, nursing homes, day care, hospice, etc.), a not-for-profit organization that is highly respected for setting certain performance standards that reflect evidence-based outcomes.

The evidence-based outcomes that have been tested as being successful have been incorporated within ACC's "Model of Care" and are effective for preserving families' quality of life, providing safety and security, and ensuring their well-being throughout the duration of the disease process. The disease can last for 2 to 20 years with an average of 10 years. During the year ended June 30, 2023, ACC provided various services to patients and families affected by Alzheimer's disease and related disorders. The following are examples of special program, patient and family services and other services provided:

Program Services

- Specialized adult day care centers
- Family nurse consultant services
- Case management
- 24/7 Alzheimer's Crisis Line
- ID locator bracelet program
- Professional and community education
- Caregiver support groups

The Alzheimer's Community Care Foundation, Inc. (the "Foundation") was incorporated in the State of Florida as a not-for-profit corporation in July 2008. The Foundation was organized exclusively for the benefit of ACC, to be the custodian of financial gifts and to promote and advise philanthropic actions for the common good of ACC. ACC appoints the Board of the Foundation and, accordingly, the Foundation is required by the accounting principles generally accepted in the United States of America ("U.S. GAAP") to be consolidated with ACC.

NOTE B - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Organization has restated its financial statements as of July 1, 2022 (opening balance) to correct an error in the revenue recognition of a government grant in accordance with U.S. GAAP. The error resulted due to the Organization’s failure to record revenue related to grants for which there were no restrictions. The Organization’s management corrected the error by recording an adjustment in the amount of $776,217 to decrease deferred revenue as of July 1, 2022 and a corresponding increase in the amount of $776,217 to net assets without donor restrictions and total net assets. This adjustment had no income tax effect as the Organization is not subject to income tax.

NOTE B - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

Set forth below is the effect of the adjustment on the following prior year balances:

	As Previously Report on July 1, 2022	Adjustment	As Restated on July 1, 2022
Deferred revenue	$ 790,309	$ (776,217)	$ 14,092
Total liabilities	$ 1,770,531	$ (776,217)	$ 994,314
Net assets without donor restrictions	$ 10,653,010	$ 776,217	$ 11,429,227
Total net assets	$ 11,439,063	$ 776,217	$ 12,215,280

The adjustment of $776,217 would have decreased the change in net assets, as previously reported, of ($2,588,568) to ($1,812,351) for the year ended June 30, 2022 (unaudited).

Amounts received from the grantor agency are subject to audit and adjustment by this agency. Any disallowance claims, including amounts already received, might constitute a liability of the Organization for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreement.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Principles of consolidation:

The accompanying financial statements are consolidated to include the accounts of ACC and the Foundation (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in consolidation.

[2] Basis of presentation:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP, as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[4] Functional allocation of expenses:

The costs of providing the various services the Organization offers have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which can be specifically identified with a functional category are charged accordingly. Expenses which are not directly identifiable with a specific functional category require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort; occupancy, in-kind rent and depreciation and amortization costs are allocated on the basis of square footage; and interest expense, professional fees, office supplies and stationary, telephone, postage and shipping, utilities and other, equipment maintenance, travel, conferences and meetings, advertising, recruiting, insurance and miscellaneous costs are allocated on the basis of management's identification, based on observation and professional evaluation, of the direct benefit of the cost to a particular program function or supporting function.

[5] Cash and cash equivalents:

Cash includes amounts on deposit with financial institutions in checking accounts and money market accounts. For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk.

[6] Accounts receivable:

Accounts receivable consist primarily of monthly billings for the Organization's daycare clients residing in Palm Beach, Martin and St. Lucie counties. Accounts receivable for daycare operations are uncollateralized. An allowance for doubtful accounts is provided for receivables when there is a question as to collectability. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in other support when received. At June 30, 2023, the allowance for doubtful account was $81,745.

[7] Investments:

Investments are recorded at fair value. Cash and cash equivalents held as part of the investment portfolio are also included in the balances reported as investments. The Organization's investments are held by securities brokers and are not collateralized or insured. Investment purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. Investment earnings are recorded as changes in net assets with or without donor restrictions depending on the existence or absence of donor-imposed restrictions.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term. Users of these consolidated financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of the investments as of June 30, 2023 may not necessarily be indicative of amounts that could be realized in a current market exchange (see Note E).

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Property and equipment:

Property and equipment over $2,500 is capitalized and stated at cost, if purchased by the Organization, or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as changes in net assets without donor restrictions, unless the use of the asset is restricted by the donor. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	40 years
Furniture and equipment	3 - 10 years
Vehicle	5 years

Leasehold improvements are amortized over the remaining lease term, or over the useful lives of the improvements, whichever is shorter. When assets are sold, retired or disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and the difference is included in the consolidated statement of activities and changes in net assets.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and when triggering events indicate that the fair value of the long-lived assets may be less than the carrying value recognizes any impairment in the year of determination. There were no triggering events during the fiscal year 2023 requiring management to test for impairment adjustment to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[9] Leases:

The Organization determines if an arrangement is a lease at inception.

Operating Leases

Operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities on the accompanying consolidated statement of financial position. Operating lease ROU assets and the related lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The operating lease ROU assets also include lease incentives and initial direct costs incurred. For operating leases, interest on the lease liability and the amortization of ROU assets result in straight-line rent expense over the lease term.

Leases may include options to extend or terminate the lease which are included in the ROU operating lease assets and operating lease liabilities when they are reasonably certain of exercise. Operating lease expense associated with minimum lease payments is recognized on a straight-line basis over the lease term. When additional payments are based on usage or vary based on other factors, they are considered variable lease payments and are excluded from the measurement of the ROU asset and lease liability. These payments are recognized as an expense in the period in which the related obligation was incurred.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Net assets:

The net assets of the Organization and the changes therein are classified as follows:

(i) Net assets without donor restrictions:

The Organization's net assets without donor restrictions represent resources available for use in general operations and not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from underlying assets to be used in the satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statement of activities and changes in net assets as "net assets released from restrictions."

[11] Revenue recognition:

(i) Exchange revenue:

Program services:

Program service revenues, including fees for patient services, are generated from patients who attend or receive daycare/respite care services. Revenues for performance obligations are satisfied at a point in time when the single performance obligation is satisfied and recognized when the services are provided, which is when the patient attends the daycare program or other services are provided. The Organization is paid based on the number of units of service or hours provided at established rates per unit of service or per hour. The Organization bills service fees monthly based on the specific services provided, resulting in contract receivables (accounts receivable) and payment is generally due within 30 days. At June 30, 2023 and July 1, 2022, the accounts receivable were $1,136,802 and $781,971, respectively.

Included in program service revenues is state financial assistance from the Alzheimer's Disease Initiative ("ADI") grant, which is received on a fee for service basis and totaled $2,821,946 for the year ended June 30, 2023. Revenue from the ADI Grant represented approximately 31% of total revenue and other support for the year ended June 30, 2023. The ADI grant represented 47% of total receivables at June 30, 2023.

Educational training:

The Organization recognizes revenue from educational training at the time of admission and is conditional on the event taking place. Payment for educational training is due on or before the event takes place. Ticket sales and sponsorship revenue received in advance of an event are recorded as deferred revenue until such time as the event takes place. Deferred revenue related to educational training at June 30th is generally recognized in the subsequent fiscal year. Revenues from program services and education trainings are presented separately in the consolidated statement of activities and changes in net assets. As of June 30, 2023 and July 1, 2022, deferred revenue was $19,970 and $14,092 as restated (see Note B), respectively.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(i) Nonexchange revenue:

Contributions, government grants, and United Way contributions:

Funding through the Organization’s activities is partially achieved through government funding and contributions. These donations provide funding to be used to support the mission of the Organization. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Organization.

The Organization recognizes contributions, including unconditional pledges as revenue in the period received. Contributions are reported as without donor restrictions or with donor restrictions depending on the absence or existence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as support with donor restrictions if 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 consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are recognized and that expire within the same year are reported as support without donor restrictions.

Government grants revenue is derived from cost reimbursement federal and state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As the government is not receiving a benefit as a result of these transactions, the grants are considered to be contributions to the Organization. The grant agreements contain specific service requirements. As these stipulations create a barrier that must be achieved, and any amounts not expended must be returned, government grants are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant agreements are therefore recognized as revenue when costs are incurred and specific service requirements are met, as stipulated by the agreements. Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. The Organization received no funds in advance of service requirements being met as of June 30, 2023.

In-kind contributions:

The Organization records various types of in-kind support including contributed goods, services and facility rent. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when received by the Organization.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(ii) Nonexchange revenue: (continued)

Employee retention credit:

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes. From March 12, 2020 through December 31, 2020, the tax credit is equal to 50% of qualified wages up to $10,000 or a maximum credit of up to $5,000 per employee. From January 1, 2021 through June 30, 2021, the tax credit is equal to 70% of qualified wages up to $10,000 during a quarter or a maximum credit of up to $14,000 per employee (or $7,000 per quarter). The Organization applied for the Employee Retention Credit for the pay periods that occurred in 2020 and 2021 and, accordingly, recorded a receivable which is included in the accompanying consolidated statement of financial position. During the year ended June 30, 2023, ACC recorded $1,480,044 related to the CARES Employee Retention credit in employee retention credit contributions revenue on the Organization's consolidated statement of activities and changes in net assets.

[12] Advertising costs:

Advertising costs are expensed as incurred. Total expense for the year ended June 30, 2023 was approximately $109,000.

[13] Income taxes:

ACC and the Foundation are exempt from income taxes as public charities under the provisions of Internal Revenue Code Section 501(c)(3).

The Organization evaluates its uncertain tax positions in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification ("ASC") 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements as of June 30, 2023.

[14] Adoption of accounting principle:

In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, (“ASC Topic 842”) to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected to adopt ASU 2016-02 as of July 1, 2022 on a prospective basis.

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[14] Adoption of accounting principle: (continued)

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption, under which the Organization will not recognize ROU assets or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Organization also elected the practical expedient to not separate lease and nonlease components for certain classes of assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (a) lease liabilities of $872,885 of operating lease obligations which represented the present value of the remaining lease payments discounted using a weighted average risk-free rate of 3.28%, and (b) ROU assets of $872,885. This standard had a material impact on the Organization's consolidated statement of financial position but did not have a material impact on its consolidated statement of activities and changes in net assets, nor consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease obligations for the operating leases as of June 30, 2023.

[15] Upcoming accounting pronouncement:

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires the immediate recognition of estimated credit losses that are expected to occur over the life of many financial assets. The new model, referred to as the current expected credit losses ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees, and net investments in leases, as well as trade receivables. The ASU will be effective for annual periods beginning after December 15, 2022. The Organization is in the process of assessing the impact of this ASU on the consolidated financial statements and related disclosures.

Management believes that any other recently issued, but not yet effective, authoritative guidance, if currently adopted, would not have a material impact on the Organization's consolidated financial statement presentation or disclosures.

[16] Subsequent events:

Management has evaluated subsequent events through March 29, 2024, the date on which the consolidated financial statements were available to be issued.

NOTE D - LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity to operate within a prudent range of financial soundness and stability and maintain adequate liquid assets to fund operating needs. The Organization aims to keep approximately 60 days of anticipated operating expenditures in its checking account. Cash and cash equivalents above this threshold are deposited in interest-bearing money market funds or other accounts.

NOTE D - LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the Organization's available assets as of June 30, 2023, reduced by amounts that are not available to meet general operating expenditures within one year of the consolidated statement of financial position date. For purposes of analyzing resources available to meet general operating expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those activities to be general operating expenditures. In addition, the Organization's long-term investments may be sold if the need arises. The Organization also has available a $500,000 line-of-credit (see Note G), which it could draw up on in the event of an unanticipated liquidity need. The outstanding line-of-credit loan balance under this agreement was $425,000 as of June 30, 2023.

Financial assets as of June 30, 2023, available to meet cash needs for general operating expenditures for the subsequent fiscal year are as follows:

Financial assets:	
Cash	$ 116,940
Investments	8,069,857
Accounts receivable, net	1,136,802
Employee retention credit receivable	1,480,044
Total financial assets	10,803,643
Less amounts unavailable for general expenditures within one year, due to:	
Restrictions by donors with purpose restrictions	967,535
Restrictions by donors that are perpetual in nature	60,643
Total financial assets available at June 30, 2023	$ 9,775,465

NOTE E - INVESTMENTS

Investments consist of the following as of June 30, 2023:

Mutual funds	$ 1,185,684
Exchange-traded funds	6,884,173
Total investments	$ 8,069,857

Net investment income consists of the following for the year ended June 30, 2023:

Dividend and interest income	$ 178,147
Realized gains	340,132
Unrealized gains	262,792
	781,071
Investment fees	(19,004)
Net investment income	$ 762,067

NOTE E - INVESTMENTS (CONTINUED)

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investment assets measured at fair value:

Mutual funds: Valued at the net asset value ("NAV") of the shares held by the Organization as reported on the active market on which the shares are traded.

Exchange-traded funds: Valued at the closing price reported on the active market on which the funds are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2023.

The following table summarizes the fair values on a recurring basis of the Organization's assets at June 30, 2023, in accordance with the ASC Topic 820 valuation levels:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 1,185,684	$ -	$ -	$ 1,185,684
Exchange-traded funds	6,884,173	-	-	6,884,173
	$ 8,069,857	$ -	$ -	$ 8,069,857

NOTE F - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at June 30, 2023:

Land	$ 28,426
Buildings and improvements	866,337
Leasehold improvements	2,866,785
Furniture and equipment	476,579
Vehicle	30,870
	4,268,997
Less: accumulated depreciation and amortization	(1,824,441)
Total	$ 2,444,556

Depreciation and amortization expense for the year ended June 30, 2023 was $168,554.

NOTE G - LINE-OF-CREDIT

The Organization has a $500,000 line-of-credit with a variable interest rate equal to the Wall Street Journal Prime Rate (8.25% at June 30, 2023). At June 30, 2023, the line-of-credit had an outstanding balance of $425,000. The Organization has pledged certain assets as collateral as defined in the collateral agreement. The line-of-credit matured on February 29, 2024. In July 2023, the outstanding balance was paid in full.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023:

Subject to expenditure for specified purposes:	
Patient and family services	$ 862,074
Daycare and music therapy	58,438
Locator services/bracelets	47,023
Total purpose restrictions	967,535
Perpetual restrictions:	
Endowment in perpetuity	60,643
Total net assets with donor restrictions	$ 1,028,178

During the year ended June 30, 2023, net assets released from restrictions resulted from satisfying the following donor restrictions:

Purpose restrictions satisfied:	
Patient scholarships	$ 136,525
Daycare and music therapy	1,850
Total releases	$ 138,375

NOTE I - ENDOWMENT

The Organization's endowment consists of contributions that must be maintained in perpetuity. The earnings on endowment assets are used to support the Organization's activities. Net assets with donor restrictions in perpetuity related to the endowment fund totaled $60,643 at June 30, 2023.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The State of Florida enacted a version of UPMIFA effective July 1, 2012, known as the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"), that governs the investment and management of donor-restricted endowment funds by Florida not-for-profit organizations.

The Organization's net assets with donor restrictions include donor gifts in perpetuity consisting of: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the endowment.

The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

(1) The purposes of the Organization
(2) The intent of the donors of the endowment fund
(3) The terms of the applicable instrument
(4) The long-term and short-term needs of the Organization in carrying out its purpose
(5) General economic conditions
(6) The possible effect of inflation and deflation
(7) The other resources of the Organization
(8) Perpetuation of the endowment

There were no changes in endowment assets for the year ended June 30, 2023.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain in perpetuity. These deficiencies generally result from unfavorable market declines in the Organization's endowment investments and are reported as reductions to net assets with donor restrictions. There were no endowment fund deficiencies at June 30, 2023.

Investment Objective and Risk Parameters: The Organization has adopted investment policies for endowment assets that attempt to provide for moderate current income to fund programs supported by the endowment assets. Under the policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce market interest returns, while assuming a minimal level of investment risk. The Organization expects its endowment assets, over time, to provide an average annual rate of return of approximately 3%. Actual returns in any given year may vary from this amount.

Strategies for Achieving Investment Objectives: To satisfy its investment rate of return objectives, the Organization relies on a conservative strategy to produce investment returns from current earnings (interest and dividends) rather than market appreciation. The Organization has a passive investment policy that performs reallocations on a quarterly basis.

Spending Policy: The Organization does not have a policy for appropriating expenditures from endowment assets beyond investment income. This is consistent with the Organization's objective to maintain the endowment assets in perpetuity and provide additional growth through new gifts.

NOTE J - LEASE COMMITMENTS

The Organization conducts its operations from several facilities that are leased with various expiration dates through June 2037 with the option of renewing through 2045 if conditional requirements are met. Certain facilities leased by the Organization require annual rental payments of one dollar and reimbursement for common area maintenance expenses. The difference between the estimated fair value rental of these facilities and the rent paid by the Organization is recorded as in-kind contributions revenue and in-kind rent expense. The required rental payments are recorded as rent expense. The Organization incurred $451,305 in occupancy expense and recorded $509,264 for in-kind rent expense for the year ended June 30, 2023.

Information relating to the "lease costs", which includes all costs during the period associated with an operating lease as well as costs related to variable lease components as of June 30, 2023 is as follows:

Operating lease costs	$ 229,767
Variable lease costs	172,000
	$ 401,767

The approximate minimum future rental payments, including required common area maintenance expenses, under noncancelable operating leases at June 30, 2022, are as follows:

Year Ending June 30,	Operating Leases
2024	$ 229,055
2025	177,556
2026	138,391
2027	91,336
2028	57,159
Thereafter	38,143
	731,640
Less: amount representing interest	(47,076)
Amount reported on the consolidated statement of financial position	$ 684,564

Additionally, the Organization maintains short-term month-to-month lease agreements as part of its programmatic activities approximating $5,000 a month.

The table below presents additional information related to the Organization's operating leases for the fiscal year ended June 30, 2023:

Weighted-average remaining lease term	3.9 years
Weighted-average discount rate	3.28%

Cash payments under operating leases were approximately $212,000 for the year ended June 30, 2023.

NOTE K - IN-KIND CONTRIBUTIONS

Donated goods and services consist of the following for the year ended June 30, 2023:

In-Kind Category	Valuation	
Rent	Estimated fair value per square foot for similar market rentals	$ 509,264

NOTE L - RETIREMENT PLAN

The Organization administers a 401(k) retirement plan (the "Plan") that was adopted on January 1, 2007 and subsequently amended on July 1, 2009. Employees are eligible to participate in the Plan after completing one year of service and may contribute a maximum of 25% of their pre-tax annual compensation, as defined in the Plan, up to the maximum allowable limits established by the Internal Revenue Code. Participants who turn 50 during the plan year may make additional pre-tax contributions pursuant to the Catch-Up Elective Contributions of the Internal Revenue Service regulations. The Organization may make matching or discretionary contributions to the Plan. Currently, employees receive safe harbor matching contributions of 100% of salary deferrals up to 3% of total compensation, plus 50% matching contributions on salary deferrals from 3% to 5% of total compensation. The matching contributions by the Organization to the Plan for the year ended June 30, 2023 was $80,158. No discretionary contributions were made for 2023.