ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

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Independent Auditor's Report

To Board of Directors of
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the Organization) which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance projects and related notes and schedule of functional expenses by grant program are presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, 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 to only 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.

Templeton & Company, LLP

West Palm Beach, Florida
March 11, 2025

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 310,244	$ -	$ 310,244
Investments (Note 3)	7,589,530	1,067,222	8,656,752
Grants and accounts receivable, net	796,586	-	796,586
Unconditional promises to give (Note 5)	153,052	-	153,052
Prepaid expenses and other assets	132,226	-	132,226
Total current assets	8,981,638	1,067,222	10,048,860
Right-of-use assets - operating leases (Note 7)	1,660,466	-	1,660,466
Property and equipment, net (Note 6)	2,322,976	-	2,322,976
Total assets	$ 12,965,080	$ 1,067,222	$ 14,032,302
LIABILITIES AND NET ASSETS			
Current liabilities:			
Line of credit (Note 8)	$ 250,000	$ -	$ 250,000
Accounts payable and accrued expenses	421,354	-	421,354
Deferred revenue	39,728	-	39,728
Current portion of operating lease liabilities (Note 7)	234,348	-	234,348
Total current liabilities	945,430	-	945,430
Lease liabilities - operating, net of current portion (Note 7)	1,463,889	-	1,463,889
Total liabilities	2,409,319	-	2,409,319
Net assets:			
Without donor restrictions	10,555,761	-	10,555,761
With donor restrictions (Note 11)	-	1,067,222	1,067,222
Total net assets	10,555,761	1,067,222	11,622,983
Total liabilities and net assets	$ 12,965,080	$ 1,067,222	$ 14,032,302

See accompanying notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Program services	$ 4,889,935	$ -	$ 4,889,935
Contributions	571,405	205,770	777,175
In-kind contributions	872,760	-	872,760
Government grants	699,654	-	699,654
United Way contributions	221,211	-	221,211
Educational training	30,215	-	30,215
Special events	31,467	-	31,467
Investment income, net	1,016,793	-	1,016,793
Other revenue	32,935	-	32,935
	8,366,375	205,770	8,572,145
Net assets released from restrictions	166,726	(166,726)	-
Total revenues and support	8,533,101	39,044	8,572,145
Expenses:			
Program services:			
Special program:			
Daycare	5,345,206	-	5,345,206
Patient and family services:			
Family consultants	933,392	-	933,392
Case management	398,714	-	398,714
Crisis line	41,683	-	41,683
Other services:			
ID locator bracelets	487,742	-	487,742
Education and training	421,557	-	421,557
Volunteer services	22,589	-	22,589
Total program services	7,650,883	-	7,650,883
Supporting services:			
Management and general	1,141,368	-	1,141,368
Fundraising	505,599	-	505,599
Total expenses	9,297,850	-	9,297,850
Change in net assets	(764,749)	39,044	(725,705)
Net assets - beginning of year	11,320,510	1,028,178	12,348,688
Net assets - end of year	$ 10,555,761	$ 1,067,222	$ 11,622,983

See accompanying notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services							
	Special Program	Patient and Family Services			Other Services			
	Daycare	Family Consultants	Case Management	Crisis Line	ID Locator Bracelets	Education and Training	Volunteer Services	Total Program Services
Salaries	$ 2,602,320	$ 482,644	$ 226,791	$ 17,872	$ 317,893	$ 239,211	$ 5,340	$ 3,892,071
Contract labor	52,506	-	-	-	-	-	-	52,506
Employee benefits	240,029	61,303	26,757	2,316	22,141	21,982	1,508	376,036
Payroll taxes	198,463	37,316	16,782	1,258	24,433	18,581	310	297,143
Total personnel and related expenses	3,093,318	581,263	270,330	21,446	364,467	279,774	7,158	4,617,756
Interest expense	1,729	488	122	23	88	192	21	2,663
Provision for credit losses	5,101	-	-	-	-	-	-	5,101
Professional fees	193,559	49,074	19,720	3,695	17,010	17,294	3,585	303,937
Office supplies and stationary	2,840	1,039	129	183	1,635	3,440	182	9,448
Telephone	60,830	14,798	4,549	4,845	3,292	5,476	825	94,615
Postage and shipping	5,264	1,559	414	77	300	652	72	8,338
Occupancy	316,159	75,594	17,598	1,451	11,845	12,291	1,363	436,301
In-kind rent	612,368	22,912	-	-	-	-	-	635,280
Utilties and other	19,653	3,275	788	43	424	366	41	24,590
Equipment maintenance	289,434	77,899	36,737	1,985	32,937	16,889	1,865	457,746
Travel	27,590	17,690	7,464	418	13,407	7,374	403	74,346
Conferences and meetings	564	87	77	14	56	584	13	1,395
Advertising	16,449	1,661	851	218	776	1,583	215	21,753
Recruiting	3,059	952	211	39	316	1,832	37	6,446
Program food	379,551	6	-	-	-	-	-	379,557
Program supplies	41,851	29,736	26,691	4,957	30,504	22,667	4,657	161,063
Insurance	117,195	33,509	8,792	1,499	6,273	12,697	1,408	181,373
Hospitality and auction	4,881	439	388	72	281	29,812	68	35,941
Miscellaneous	47,960	13,778	3,412	636	3,812	7,940	599	78,137
Depreciation	105,851	7,633	441	82	319	694	77	115,097
	$ 5,345,206	$ 933,392	$ 398,714	$ 41,683	$ 487,742	$ 421,557	$ 22,589	$ 7,650,883

See accompanying notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
For the Year Ended June 30, 2024

	Supporting Services			
	Management and General	Fundraising	Total Supporting Services	Total
Salaries	$ 322,453	$ 237,166	$ 559,619	$ 4,451,690
Contract labor	-	-	-	52,506
Employee benefits	86,924	18,689	105,613	481,649
Payroll taxes	24,575	17,966	42,541	339,684
Total personnel and related expenses	433,952	273,821	707,773	5,325,529
Interest expense	85	99	184	2,847
Provision for credit losses	34,773	-	34,773	39,874
Professional fees	228,620	74,290	302,910	606,847
Office supplies and stationary	12,622	3,144	15,766	25,214
Telephone	84,865	7,377	92,242	186,857
Postage and shipping	287	955	1,242	9,580
Occupancy	44,677	15,769	60,446	496,747
In-kind rent	237,480	-	237,480	872,760
Utilties and other	291	743	1,034	25,624
Equipment maintenance	16,726	14,285	31,011	488,757
Travel	13,357	15,148	28,505	102,851
Conferences and meetings	1,497	2,174	3,671	5,066
Advertising	2,200	49,386	51,586	73,339
Recruiting	164	373	537	6,983
Program food	28	-	28	379,585
Program supplies	12,798	21,879	34,677	195,740
Insurance	5,825	6,968	12,793	194,166
Hospitality and auction	2,733	2,674	5,407	41,348
Miscellaneous	3,042	15,377	18,419	96,556
Depreciation	5,346	1,137	6,483	121,580
	$ 1,141,368	$ 505,599	$ 1,646,967	$ 9,297,850

See accompanying notes to consolidated financial statements.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Change in net assets	$ (725,705)
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation	121,580
Provision for credit losses, net of recoveries	39,874
Net realized and unrealized gain on investments	(888,619)
Noncash lease expense	11,462
Changes in operating assets and liabilities:	
Grants and accounts receivable	300,342
Employee retention credit receivable	1,480,044
Unconditional promises to give	(153,052)
Prepaid expenses and other assets	13,006
Right-of-use assets - operating leases, net	17,310
Accounts payable and accrued expenses	(169,419)
Deferred revenue	19,758
Net cash provided by operating activities	66,581
Cash flows from investing activities:	
Proceeds from sale of investments	450,000
Purchase of investments	(148,277)
Net cash provided by investing activities	301,723
Cash flows from financing activities:	
Payments on line-of-credit, net of proceeds	(175,000)
Net cash used in financing activities	(175,000)
Increase in cash and cash equivalents	193,304
Cash and cash equivalents at beginning of year	116,940
Cash and cash equivalents at end of year	$ 310,244
Supplemental cash flow information:	
Interest paid	$ 2,848

See accompanying notes to consolidated financial statements.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Nature of organization

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, 2024, 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:

- Specialized Alzheimer's Adult Daycare Centers – this program's nurses and staff are dementia-care specialists with ongoing training in Alzheimer's disease and related neurocognitive disorders. Program nurses monitor patient nutrition and hydration, administer medications, evaluate health status, respond to medical needs and ensure that patients are involved in their care to their maximum benefit every day.
- Specialized Daycare Center Enrichment Programs – provide an array of engaging patient enrichment programs that provide patients with socialization, comfort, and mind-stimulation.
- Family Navigators – serves as a lifeline for families in Palm Beach, Martin, and St. Lucie counties who are living with Alzheimer's disease and related neurocognitive disorders.
- 24-Hour Assistance Line – helps caregivers with non-medical urgent needs that cannot wait until the next business day.
- Professional and Community Education – provides the latest education on Alzheimer's disease and related neurocognitive disorders for patients, caregivers, staff, law enforcement, students of health professions and community health care partners.
- Case Management – a support system for families to determine their individual needs and bring them together with other agencies that provide additional services and resources.
- Live Alone Program – works to promote the independence, quality of life, safety and well-being of individuals with Alzheimer's Disease and Related Dementias (ADRD), who live alone.
- Advocacy and Community Outreach – ACC has been a driving force in advocating and establishing legislation in the State of Florida.
- Disaster Preparedness – ACC works diligently with state and local officials to assist the special needs of the areas most vulnerable population.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Nature of organization, continued

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.

Basis of presentation

The accompanying consolidated financial statements are prepared on the accrual basis in accordance with U.S. GAAP. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of ACC and the Foundation (collectively, the Organization) that are consolidated in conformity with U.S. GAAP. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net assets

The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are donor-imposed endowment funds.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Measure of operations

The Organization's operating activities include revenues that are earned as a result of providing programs and supporting activities and expenses related to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions. Non-operating activities include the receipt of private gifts and/or grants to the endowment, non-operating expenses, endowment and investment gains and losses related to donor restricted endowment investments.

Classification of transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the consolidated statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments, are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Use of estimates

The preparation of 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. The Organization considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the consolidated financial statements, including valuation of receivables (including, accounts, pledges and contribution agreements). Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ from those estimates.

Revenue, program, and support recognition

The Organization recognizes revenue from program and supporting activities in the period the activity is provided, and amounts received in advance of services are recorded as deferred revenue.

Program service revenues, including fees for 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.

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 $3,133,316 for the year ended June 30, 2024. Revenue from the ADI grant represented approximately 37% of total revenue and support for the year ended June 30, 2024. The ADI grant represented 61% of total receivables at June 30, 2024.

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 year-end is generally recognized in the subsequent fiscal year. Revenues from program services and education trainings are presented separately in the consolidated statement of activities. As of June 30, 2024 and July 1, 2023, deferred revenue was $39,728 and $19,970, respectively.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Special events

Special events represent various activities undertaken to raise funds for the Organization for unrestricted purposes. Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue. The Organization had special event revenues of $31,467 less related direct expenses of $43,888 for the year ended June 30, 2024.

Contributions

Contributions, including unconditional promises (pledges) to give, are recognized in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions if designated by the donors as such.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. The Organization reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit donor restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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.

Grant revenue

The Organization receives various grants from federal, state, and local agencies, as well as private foundations for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants is deemed earned and recognized in the consolidated statement of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts, and other highly liquid investments with an original maturity of three months or less. 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 risk.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Investments

Investments include mutual funds and exchange traded funds, measured at fair value based on quoted market prices.

Interest and dividends are included in net investment return in the accompanying consolidated statement of activities. Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

The 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.

Grants and accounts receivable

Grants receivable represent amounts owed to the Organization from federal, state and local grants for services rendered under contractual obligations. Certain grants are payable upon the submission of specified documentation. All outstanding grants receivable are expected to be collected within one year and are considered collectible.

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.

As of June 30, 2024 and July 1, 2023, grants and accounts receivable, net was $796,586 and $1,136,802, respectively.

Allowance for credit losses

The Organization's grants and accounts receivable, which are unsecured, are primarily derived from grant programs and patients who receive daycare/respite care services. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses based on the requirement of Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. Receivables are also evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses.

The Organization writes off a receivable when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. There were no write-offs for the year ended June 30, 2024. The allowance for credit losses totaled $49,238 at June 30, 2024.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Property and equipment

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated market value on the date of contribution. The Organization's policy is to capitalize renewals and betterments acquired for greater than $2,500 and expense normal repairs and maintenance as incurred.

The Organization's management periodically reviews whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, as follows:

Building	40 years
Vehicles	5 years
Furniture and equipment	3-10 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.

Long-lived 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 year ended June 30, 2024, requiring management to test for an 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.

Leases

The Organization leases certain facilities under noncancellable operating lease agreements. The Organization determines whether an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and current and non-current operating lease liabilities on the accompanying consolidated statement of financial position as of June 30, 2024.

ROU assets represent the Organization's right-to-use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's operating leases do not provide an implicit rate, the Organization elected a practical expedient to use a risk-free rate (U.S. Treasury bond rates) as the discount rate, in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization elected the practical expedient to account for its lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments are recognized as operating expenses in the period in which the obligation for such payments is incurred.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Income taxes

The ACC and the Foundation have been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the consolidated financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the year 2024.

Compensated absences

The Organization accrues vacation pay as a liability when benefits are earned by employees which occurs when (1) the employee has performed services that give rise to the vacation liability and (2) it is probable that the benefits will result in compensation in some manner such as in cash, termination payments or in time off, prior to retirement. The Organization allows employees to accumulate and carry over up to forty (40) hours of unused vacation leave.

Fair value of financial instruments

The Organization's material financial instruments consist primarily of cash and cash equivalents, investments, grants and accounts receivable, accounts payable and accrued expenses, and deferred revenue. Investments are reported at fair value on a recurring basis. Material financial instruments not reported at fair value on a recurring basis include grant and accounts receivable, line of credit, accounts payable and accrued expenses, and deferred revenue. The carrying amounts of these financial instruments approximate fair value due to the short-term nature of their maturities.

Functional allocation of expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries are allocated on the basis of estimates of time and effort.
- Occupancy, depreciation, and insurance costs are allocated on the basis of square footage.
- All other allowable management and general costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. using a basis that results in an equitable distribution.

Management periodically evaluates the basis on which the costs are allocated when new space or programs are added. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with other activities.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Functional allocation of expenses, continued

In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Adopted accounting principle

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were grants and accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new and enhanced disclosures.

Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of June 30, 2024 are as follows:

Financial assets:	
Cash and cash equivalents	$ 310,244
Investments	8,656,752
Grants and accounts receivable, net	796,586
Unconditional promises to give – to be received in one year	153,052
Total financial assets	9,916,634
Less: financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(1,006,579)
Donor-restricted endowment funds perpetual in nature (Note 11)	(60,643)
Amount available for general operating expenditures within one year	$ 8,849,412

The above table reflects donor-restricted and any board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization's programs. However, in the case of need, the Board of Directors could appropriate resources from the donor restricted endowment funds for general use. Note 12 provides more information about those funds and about the spending policies for all endowment funds.

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in cash equivalents and money market accounts. In the event of unanticipated liquidity need, the Organization maintains a line of credit with borrowings up to $500,000 to cover short-term needs (Note 8).

Note 3 – Investments

A summary of investments by investment type at June 30, 2024 is presented as follows:

Mutual funds	$ 2,424,031
Exchange-traded funds	6,232,721
Total investments	$ 8,656,752

The following schedule summarizes the net investment return on the Organization's investments for the year ended June 30, 2024:

Dividends and interest	$ 205,833
Realized and unrealized gains, net	810,960
Net investment return	$ 1,016,793

For the year ended June 30, 2024, realized and unrealized gains, net includes $77,659 of investment expenses.

Note 4 – Fair Value Measurements

Accounting guidance establishes 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).

Investments are measured at fair value. Accounting guidance provides for the use of NAV as a practical expedient for estimating the fair value of the private funds. Accordingly, NAV reported by fund management is used to estimate the fair value of the Organization's interest.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used during the year ended June 30, 2024:

Mutual funds – required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds are deemed to be actively traded and are therefore considered Level 1 within the fair value hierarchy.

Exchange traded funds – valued at the closing price of the shares held by the Organization at year-end reported in the active market on which the individual securities are traded.

Note 4 – Fair Value Measurements, Continued

The following table summarizes the Organization's determination of fair value as of June 30, 2024, on the following financial assets using these input levels that are measured at fair value on a recurring basis:

	Fair Value Measurements as of June 30, 2024	
	Level 1	Total
Investments:		
Mutual funds	$ 2,424,031	$ 2,424,031
Exchange-traded funds	6,232,721	6,232,721
Total investments	$ 8,656,752	$ 8,656,752

Note 5 – Unconditional Promises to Give

Unconditional promises to give as of June 30, 2024 totaled $153,052. The balance was collected in full in August 2024. At June 30, 2024, 100% of the total unconditional promises to give were from one donor.

Note 6 – Property and Equipment

The following is a summary of property and equipment, net at June 30, 2024:

Land	$ 28,426
Building	866,337
Leasehold improvements	2,866,785
Vehicles	30,870
Furniture and equipment	476,579
Subtotal	4,268,997
Less: accumulated depreciation	(1,946,021)
Property and equipment, net	$ 2,322,976

Depreciation expense totaled $121,580 for the year ended June 30, 2024.

Note 7 – Leases

The Organization leases certain facilities, office space and office equipment under noncancelable lease agreements expiring through June 2037, with options to renew through 2045, if certain conditional requirements are met, as described in the lease agreements. Operating lease expense is recorded within management and general expenses in the accompanying consolidated statement of activities. Lease expense related to the Organization's noncancelable operating leases for the year ended June 30, 2024, totaled $310,007. The Organization's operating leases do not contain any variable lease components.

The following table presents the Organization's operating lease ROU assets and lease liabilities for the year ended June 30, 2024:

ROU assets – operating leases	$ 1,660,466
Current portion of lease liabilities	$ 234,348
Lease liabilities, net of current portion	1,463,889
Total lease liabilities	$ 1,698,237

Note 7 – Leases, Continued

The following presents supplemental disclosure associated with the Organization's cash flow information related to operating leases for the year ended June 30, 2024:

Operating activities:	
Cash paid included in the measurement of lease liabilities	$ 298,545

The following table presents the weighted average lease term (in years) and discount rate of the Organization's operating leases as of June 30, 2024:

Weighted average remaining lease term (in years)	12.17
Weighted average discount rate	2.00%

The following table presents a maturity analysis of the Organization's operating lease liabilities as of June 30, 2024:

Year Ending June 30,	Minimum Lease Payments
2025	$ 265,849
2026	209,342
2027	148,313
2028	141,385
2029	144,725
Thereafter	1,011,957
Total minimum lease payments	1,921,571
Less: imputed interest	(223,334)
Present value of minimum lease payments	$ 1,698,237

Certain facilities leased by the Organization require annual rental payments of $1 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 rental payments required are recorded as rent expense. The Organization incurred $496,747 in occupancy expense and recorded $872,760 for in-kind rent expense for the year ended June 30, 2024.

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

Note 8 – Line of Credit

The Organization has a line of credit which provides for available borrowings of up to $500,000 at an interest rate equal to the Wall Street Journal Prime Rate (8.50% at June 30, 2024). The line of credit is available through May 28, 2025, and is secured by certain assets of the Organization. As of June 30, 2024, outstanding borrowings on the line of credit totaled $250,000.

Note 9 – In-Kind Contributions

Donated goods and services consist of the following for the year ended June 30, 2024:

In-Kind Category	Valuation	
Rent	Estimated fair value per square foot for similar markets	$ 872,760

Note 10 – 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 to 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 contribution by the Organization to the Plan for the year ended June 30, 2024, was $84,679. No discretionary contributions were made for the year ended June 30, 2024.

Note 11 – Net Assets with Donor Restrictions

At June 30, 2024, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions:	
Patient and family services	$ 821,118
Daycare and music therapy	58,438
Locator services/bracelets	127,023
Total purpose restrictions	1,006,579
Perpetual restrictions:	
Endowment in perpetuity	60,643
Total net assets with donor restrictions	$ 1,067,222

Net assets are released from donor restrictions by the Organization incurring costs or expenses satisfying the restricted purposes or by the occurrence of events and passage of time as specified by the donors.

Net assets were released from donor restrictions during the year ended June 30, 2024, for the following purposes:

Purpose of restriction:	
Patient scholarships	$ 151,726
Locator services/bracelets	15,000
	$ 166,726

Note 12 – 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, 2024.

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.

Note 12 – Endowment, Continued

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires the Organization to retain as a fund of perpetual duration. There were no such funds with deficiencies as of June 30, 2024.

Interpretation of relevant law

The Organization adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

The Board considers the following factors in making its determination:

1) The purpose of the Organization,
2) The intent of the donor of the endowment funds,
3) The term of the applicable instrument,
4) General economic conditions,
5) The possible effect of inflation or deflation,
6) The long-term and short-term needs of the Organization in carrying out its exempt purpose, and
7) Perpetuation of the endowment.

There were no changes in endowment assets for the year ended June 30, 2024.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to specified programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified allocation of the investments to achieve its long-term return objectives within prudent risk constraints.

Note 12 – Endowment, Continued

Spending policy

The Organization's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The Organization expects the current spending policy to allow its endowment to grow at an average annual rate consistent with the Organization's objective to preserve and strengthen its endowment for the future.

Note 13 – Concentrations of Credit Risk

For the year ended June 30, 2024, approximately 39% of the Organization's total support and revenue was provided through grants with the State of Florida. For the year ended June 30, 2024, approximately 37% of the Organization's support and revenue was provided through ADI grant programs, a pass-through agency for the Area Agency on Aging of Palm Beach and Treasure Coast. The ADI grant represented approximately 61% of total receivables at June 30, 2024.

Note 14 – Commitments and Contingencies

Grants

The government grants revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies becomes a liability of the Organization.

Legal matters

From time to time, and in the ordinary course of business, various matters occur that may or do result in legal action. Management evaluates such claims and allegations based on the advice of legal counsel and, if a loss is both probable and reasonably estimated, reserves for such losses. No such loss reserve for legal matters was recorded as of June 30, 2024.

Note 15 – Subsequent Events

Management evaluated activity of the Organization subsequent to June 30, 2024 through March 11, 2025, the date the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

SUPPLEMENTARY INFORMATION

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS
For the Year Ended June 30, 2024

State grantor/program title	Grant Period	State CSFA Number	Passthrough Grantor's Identifying Number	Total Program Expenditures
State of Florida, Department of Elder Affairs:				
Alzheimer's Disease Initiative				
Passed through:				
Area Agency on Aging of Palm Beach/Treasure Coast				
Alzheimer's Disease Initiative - Area Agency on Aging	7/1/23-6/30/24	65.002-65.004	ADI/AAA	$ 3,133,316
Department of Senior Services Older Americans Act	7/1/23-6/30/24	93.043, 93.044, 93.045, 93.052, 93.053	DOSS OAA	24,595
Total expenditures of state financial assistance				$ 3,157,911

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or non-cash assistance.

See notes to schedule of expenditures of state financial assistance projects.

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS

Note 1 – Basis of Presentation

The purpose of the accompanying schedule of expenditures of state financial assistance projects (the Schedule) is to present, in summary form, total state financial assistance projects expenditures of the Alzheimer's Community Care, Inc. and Alzheimer's Community Care Foundation, Inc. (the Organization) under programs of the State of Florida for the year ended June 30, 2024. The Schedule is presented in accordance with the requirements of the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General for the State of Florida*. Therefore, certain amounts presented in this Schedule may differ from amounts presented in the basic consolidated financial statements.

Note 2 – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized when following the cost principles contained in Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Contingency

The grant revenue amounts received or receivable are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement by the grantor agency will become a liability to the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements, and applicable state laws and regulations.

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

Boards of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (a nonprofit Organization) (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 11, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Templeton & Company, LLP

West Palm Beach, Florida
March 11, 2025

Templeton
ACCOUNTANTS & ADVISORS

Independent Auditor's Report on Compliance Requirements for Each Major State Financial Assistance Project; and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*

Boards of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

Report on Compliance for Each Major State Financial Assistance Project

We have audited Alzheimer's Community Care, Inc. and Subsidiary's (the Organization) compliance with the types of compliance requirements described in the Florida Department of Financial Services' State Project Compliance Supplement, that could have a direct and material effect on each of the Organization's major state financial assistance projects for the year ended June 30, 2024. The Organization's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance projects for the year ended June 30, 2024.

Basis for Opinion on Each Major State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Florida Auditor General.* Our responsibilities under those standards and Chapter 10.650, *Rules of the Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state financial assistance project. 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 state financial assistance projects.

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 generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General* 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 state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Florida Auditor General* 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 Chapter 10.650, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project 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 state financial assistance project 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 state financial assistance project 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 Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
March 11, 2025

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Part I – Summary of Auditor's Results:

Consolidated financial statement section:	
Type of auditors' report issued.	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
State financial assistance projects section:	
Dollar threshold used to determine Type A Program.	$750,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor's report on compliance for major programs.	Unmodified
Internal control over compliance for major state financial assistance project:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with the Chapter 10.650, *Rules of the Florida Auditor General*?	No

Identification of major state financial assistance projects:

CFSA Number	Name of State Project
65.002-65.004	Alzheimer's Disease Initiative – Area Agency on Aging

Part II – Financial Statement Findings

We noted no material weaknesses or instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with Government Auditing Standards.

Part III – Federal Program and State Financial Assistance Projects Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs and state financial assistance projects, as required to be reported by the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs – State Financial Assistance Projects

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major state projects, as required to be reported by Chapter 10.650, *Rules of the Florida Auditor General*, were reported for the year ended June 30, 2024.

Prior Year Findings and Questioned Costs – Major Federal Programs

CFDA Number	Name of Federal Program or Cluster
93.498	Department of Health and Human Services Health Resources and Services Administration (HRSA)

2023-002 Reporting - Establishment of Internal Controls over Calculations and Data Submitted through the HRSA portal for PRF Funds.

Part III – Federal Program and State Financial Assistance Projects Findings and Questioned Costs, Continued

Prior Year Findings and Questioned Costs, Continued

Criteria:

The terms and conditions of the Provider Relief Fund ("PRF") award require that recipients be able to demonstrate that lost revenues or expenses attributable to coronavirus, excluding expenses and losses that have been reimbursed from other sources or that other sources are obligated to reimburse, meet, or exceed total payments from the Provider Relief Fund. Specific reporting requirements exist based on the timing of the receipt of the funds. Data entered into the reporting portal administered by the Health Resources and Services Administration ("HRSA") must be done within the timeline established by regulation.

Condition:

Alzheimer's Community Care, Inc. and Subsidiary's calculation of lost revenues for Period 5 was not calculated correctly and, therefore, the data input into the reporting portal was not accurate. The calculation prepared by Alzheimer's Community Care, Inc. and Subsidiary for lost revenues totaled $9,629,293. The audited calculation totaled $1,541,974 resulting in over reporting of the amount of lost revenues of $8,087,319. The amount of PRF revenues received and recognized related to lost revenues is less than the total amount of lost revenues and is improperly reported on the schedule. Based on review of all the quarters included on the final submission, the quarterly reporting for each of the years used in the calculation of lost revenues was not correct and Alzheimer's Community Care, Inc. and Subsidiary was unable to provide supporting documentation on the amounts reported. As such, we were unable to obtain sufficient appropriate audit documentation to determine compliance with reporting requirements of the major program.

Cause:

Alzheimer's Community Care, Inc. and Subsidiary did not establish internal controls to compare the calculation of lost revenues using data from the revenue system to lost revenues calculated based on the revenues reported in the general ledger.

Effect:

Failure to establish proper internal controls could result in noncompliance with the terms and conditions of the award which can result in action by HHS to recover some or all of the payment.

Questioned Costs:

Unknown.

Templeton
ACCOUNTANTS & ADVISORS

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

Independent Auditor's Management Letter in Accordance with the State of Florida Rules of the Auditor General

Boards of Directors
Alzheimer's Community Care, Inc. and Subsidiary
West Palm Beach, Florida

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Alzheimer's Community Care, Inc. and Subsidiary (the Organization), as of and for the year ended June 30, 2024, and have issued a report thereon dated March 11, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and Chapter 10.650, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Finance Assistance Project; and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Florida Auditor General*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 11, 2025, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Florida Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, other granting agencies, the Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than those specified parties.

Templeton & Company, LLP

West Palm Beach, Florida
March 11, 2025

ALZHEIMER'S COMMUNITY CARE, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES BY GRANT PROGRAM
For the Year Ended June 30, 2024

	Daycare Program Services			Case Management Program Services			Family Consultants			
	State of Florida, Department of Elder Affairs (DOEA) Grant Program	Non-DOEA Grant Services	Total Program Services	State of Florida, Department of Elder Affairs (DOEA) Grant Program	Non-DOEA Grant Services	Total Program Services	State of Florida, Department of Elder Affairs (DOEA) Grant Program	Non-DOEA Grant Services	Total Program Services	Total State of Florida, Department of Elder Affairs (DOEA) Grant Program
Salaries	$ 1,459,578	$1,195,248	$2,654,826	$ 124,686	$ 102,105	$ 226,791	$ -	$ 482,644	$ 482,644	$ 1,584,264
Payroll taxes and benefits	241,076	197,416	438,492	23,937	19,602	43,539	-	98,619	98,619	265,013
Travel	15,169	12,421	27,590	4,104	3,360	7,464	-	17,690	17,690	19,273
Telephone, postage and shipping	36,337	29,757	66,094	2,729	2,234	4,963	-	16,357	16,357	39,066
Utilties and other	10,805	8,848	19,653	433	355	788	-	3,275	3,275	11,238
Advertising	9,043	7,406	16,449	468	383	851	-	1,661	1,661	9,511
Insurance	64,432	52,763	117,195	4,834	3,958	8,792	-	33,509	33,509	69,266
Equipment maintenance	159,126	130,308	289,434	20,197	16,540	36,737	-	77,899	77,899	179,323
Office supplies and stationary	1,561	1,279	2,840	71	58	129	-	1,039	1,039	1,632
Rent	510,489	418,038	928,527	9,675	7,923	17,598	-	98,506	98,506	520,164
Professional fees	106,415	87,144	193,559	10,842	8,878	19,720	-	49,074	49,074	117,257
Program supplies	23,009	18,842	41,851	14,674	12,017	26,691	-	29,736	29,736	37,683
Depreciation and amortization	58,195	47,656	105,851	242	199	441	-	7,633	7,633	58,437
Program food	208,671	170,880	379,551	-	-	-	-	6	6	208,671
Other	34,798	28,496	63,294	2,315	1,895	4,210	-	15,744	15,744	37,113
	$ 2,938,704	$2,406,502	$5,345,206	$ 219,207	$ 179,507	$ 398,714	$ -	$ 933,392	$ 933,392	$ 3,157,911
Total units of service	130,456									