PALM BEACH HABILITATION CENTER, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For the Year Ended June 30, 2020
(*with comparable totals for 2019*)

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Holyfield & Thomas, LLC
Certified Public Accountants & Advisors
125 Butler Street • West Palm Beach, FL 33407
(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Palm Beach Habilitation Center, Inc.
Lake Worth, Florida

We have audited the accompanying financial statements of Palm Beach Habilitation Center, Inc. (a not-for-profit corporation) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palm Beach Habilitation Center, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenues and expenses on pages 23-26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Palm Beach Habilitation Center, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, on our consideration of Palm Beach Habilitation Center, Inc.'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 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 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 Palm Beach Habilitation Center, Inc.'s internal control over financial reporting and compliance.

Holyfield & Thomas, LLC

West Palm Beach, Florida
August 26, 2021

PALM BEACH HABILITATION CENTER, INC. **STATEMENT OF FINANCIAL POSITION**

As of June 30, 2020 ***(with comparable totals for 2019)***

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
ASSETS				
Current assets:				
Cash and cash equivalents	$ 486,062	$ -	$ 486,062	$ 67,665
Investments	552,023	-	552,023	1,384,299
Government agency receivables, net	257,985	-	257,985	478,119
Workshop receivables, net	41,047	-	41,047	129,753
Client and other receivables, net	171,708	-	171,708	22,683
Prepaid expenses and other assets	37,348		37,348	100,262
Total current assets	1,546,173	-	1,546,173	2,182,781
Agency cash	144,031	-	144,031	112,995
Security deposit	36,000	-	36,000	36,000
Due (to) from other funds	(199,173)	199,173	-	-
Property and equipment, net	4,723,230		4,723,230	4,802,983
Investment in deferred compensation plan	186,277		186,277	206,398
Total assets	$ 6,436,538	$ 199,173	$ 6,635,711	$ 7,341,157
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 168,730	$ -	$ 168,730	$ 198,302
Accrued salaries and related expenses	274,151	-	274,151	286,325
Other accrued liabilities	29,562	-	29,562	30,501
Operating line of credit	295,385	-	295,385	200,073
Construction line of credit	-	-	-	392,740
Total current liabilities	767,828	-	767,828	1,107,941
Agency payable	144,031	-	144,031	112,995
Obligations under deferred compensation plan	186,277	-	186,277	206,398
PPP loan payable	827,000	-	827,000	-
Refundable advance	375,000		375,000	-
Total liabilities	2,300,136	-	2,300,136	1,427,334
Net assets:				
Without donor restrictions:				
Board designated	611,273	-	611,273	1,758,120
Undesignated	3,525,129		3,525,129	3,731,079
With donor restrictions	-	199,173	199,173	424,624
Total net assets	4,136,402	199,173	4,335,575	5,913,823
Total liabilities and net assets	$ 6,436,538	$ 199,173	$ 6,635,711	$ 7,341,157

See accompanying notes to financial statements.

PALM BEACH HABILITATION CENTER, INC. **STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2020 ***(with comparable totals for 2019)***

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
Support and revenue:				
Fees and grants - governmental agencies	$ 2,521,479	$ -	$ 2,521,479	$ 3,325,739
PBC BOCC (FAA-programs 1212/1434)	412,079	-	412,079	289,131
Palm Beach County School Board grant	225,000	-	225,000	225,000
Contributions, gifts, and special events	864,057	-	864,057	1,626,306
In-kind contributions	27,886	-	27,886	169,355
Sales, cafeteria, and thrift store	273,981	-	273,981	281,042
Vocational activities	820,939	-	820,939	765,573
United Way grant allocations	319,004	-	319,004	295,000
Client fees	337,393	-	337,393	216,915
Investment income, net	11,794	-	11,794	69,391
Gain on sale of property	4,327		4,327	-
Realized and change in unrealized gain (loss) in investments, net	103,784	-	103,784	(26,838)
Other revenue	2,696	-	2,696	10,095
Total support and revenue	5,924,419	-	5,924,419	7,246,709
Net assets released from restrictions	225,451	(225,451)	-	-
Expenses:				
Program services	6,520,714	-	6,520,714	6,356,636
Supporting services:				
Thrift store and fundraising	650,775	-	650,775	543,309
Administration	331,178	-	331,178	295,360
Total supporting services	981,953	-	981,953	838,669
Total expenses	7,502,667	-	7,502,667	7,195,305
Change in net assets	(1,352,797)	(225,451)	(1,578,248)	51,404
Net assets, beginning of year	5,489,199	424,624	5,913,823	5,862,419
Net assets, ending of year	$ 4,136,402	$ 199,173	$ 4,335,575	$ 5,913,823

See accompanying notes to financial statements.

PALM BEACH HABILITATION CENTER, INC. **STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2020 ***(with comparable totals for 2019)***

	2020	2019
Cash flows from operating activities:		
Cash received from fees and grants - governmental agencies	$ 3,208,367	$ 3,424,317
Cash received from contributions, gifts, and special events	864,057	1,626,306
Cash received from sales, cafeteria, and thrift store	273,981	281,230
Cash received from vocational activities	909,645	885,817
Cash received from other grants and revenues	659,093	522,010
Cash paid for program services and supporting services	(7,129,638)	(6,842,940)
Investment income received, net	11,794	69,391
Interest paid	(55,987)	(16,183)
Net cash used in operating activities	(1,258,688)	(50,052)
Cash flows from investing activities:		
Purchase of investments	(11,157)	(1,727,064)
Sale of investments	947,217	1,759,343
Purchase of property and equipment (including construction in progress)	(167,874)	(685,043)
Proceeds from sale of property	4,327	-
Net cash provided by (used in) investing activities	772,513	(652,764)
Cash flows from financing activities:		
(Payments)/advances on operating line of credit, net	95,312	(43,380)
(Payments)/advances on construction line of credit	(392,740)	(2,260)
Proceeds from contributions for construction in progress projects	-	435,562
Proceeds from PPP loan proceeds	827,000	-
Proceeds from refundable advance	375,000	-
Net cash provided by financing activities	904,572	389,922
Change in cash and cash equivalents	418,397	(312,894)
Cash and cash equivalents, beginning of year	67,665	380,559
Cash and cash equivalents, end of year	$ 486,062	$ 67,665

See accompanying notes to financial statements.

PALM BEACH HABILITATION CENTER, INC. **STATEMENT OF CASH FLOWS**

For the Year Ended June 30, 2020 ***(with comparable totals for 2019)***

	2020	2019
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	$ (1,578,248)	$ 51,404
Adjustments to reconcile change in net assets to cash flows used in operating activities:		
Depreciation	247,627	209,966
Realized and change in unrealized (gain) loss, net	(103,784)	26,838
Gain on sale of property	(4,327)	-
In-kind donation of fixed asset	-	(141,469)
Increase in allowance for doubtful accounts	21,300	21,300
(Increase) decrease in certain assets:		
Government agency receivables	198,834	9,707
Workshop receivables	88,706	120,432
Client and other receivables	(149,025)	10,302
Prepaid expenses and other assets	62,914	(57,239)
Increase (decrease) in certain liabilities:		
Accounts payable	(29,572)	114,399
Accrued salaries and related expenses	(12,174)	21,431
Other accrued liabilities	(939)	(1,561)
Contributions for construction in progress projects	-	(435,562)
Net cash used in operating activities	$ (1,258,688)	$ (50,052)

See accompanying notes to financial statements.

PALM BEACH HABILITATION CENTER, INC. **STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2020 ***(with comparable totals for 2019)***

		Supporting Services			
	Program Services	Thrift Store and Fundraising	Admin-istration	2020 Totals	2019 Totals
Salary and wages	$ 2,937,882	$ 187,383	$ 697,680	$ 3,822,945	$ 3,727,591
Client salaries	370,023	203	6,985	377,211	462,063
Payroll taxes	265,751	15,126	54,345	335,222	345,116
Employee benefits	591,035	33,437	100,354	724,826	683,768
	4,164,691	236,149	859,364	5,260,204	5,218,538
Advertising	6,722	2,481	4,204	13,407	7,691
Bad debts	75,987	-	-	75,987	24,682
Building maintenance and supplies	83,175	4,500	70,325	158,000	179,085
Equipment repair and maintenance	8,602	138	860	9,600	13,623
Fees, dues and reference materials	23,197	28,624	77,368	129,189	63,292
Freight and related expense	18,134	-	716	18,850	26,033
Fundraising venue and related	3,895	241,663	-	245,558	90,606
Insurance	175,636	10,686	52,845	239,167	255,098
Interest	1,478	131	54,378	55,987	16,183
Legal and audit fees	-	543	92,850	93,393	93,411
Material purchases & program supplies	241,098	14,287	46,013	301,398	338,089
Outside services	55,346	8,905	132,097	196,348	173,037
Printing, computer, and office supplies	21,799	3,144	17,668	42,611	63,383
Rent	25,802	1,186	9,767	36,755	42,391
Security service	11,027	-	5,813	16,840	23,538
Staff travel, screening, & development	62,390	1,112	5,734	69,236	92,808
Telephone	41,925	1,310	17,970	61,205	57,535
Utilities	159,279	9,734	11,435	180,448	146,830
Vehicles	42,642	4,243	3,972	50,857	59,486
Indirect overhead allocation	1,083,249	69,091	(1,152,340)	-	-
	6,306,074	637,927	311,039	7,255,040	6,985,339
Depreciation	214,640	12,848	20,139	247,627	209,966
Total expenses	$ 6,520,714	$ 650,775	$ 331,178	$ 7,502,667	$ 7,195,305

See accompanying notes to financial statements.

1. Business and Summary of Significant Accounting Policies

Organization and Purpose

Palm Beach Habilitation Center, Inc. (the "Center") was established in 1959 to provide adults with disabilities vocational training with meaningful employment opportunities. Since that time, a comprehensive service delivery system has been established that includes the following programs and services: vocational evaluation, employee development training, employment services, supported employment, workshop employment, computer and food service training, case management, residential options, including three group homes, a transitional home, and supported living, senior activity programs, and recreational opportunities.

Vocational contracts in the workshop and mobile work crews generate a portion of the Center's support and revenue. Support and revenue also include income generated from the operation of a resale thrift store, which principally sells donated furniture, home accessories, and clothing. To achieve its mission, the Center is committed to being the following:

- A premier provider of quality rehabilitation, employment, and training opportunities for people with barriers to employment and independence.
- Recognized as a community leader and partner, communicating closely and networking with key community groups to respond to ever-changing social problems and ensure wide use of community resources.
- A quality industrial work program, providing timely and quality delivery of products and services to community businesses and industry.

Nature of the Activities

Programs are currently provided in Palm Beach County, Florida. The Center operates a variety of programs and services and may add additional services to address unmet needs that may exist or arise in its service area. Brief descriptions of the Center's significant programs are as follows:

- *Residential* – The Center provides residential services at three locations that are licensed by the State of Florida Agency for Person with Disabilities. In addition to room and board, these facilities offer care and training that increases or maintains the level of independence of the clients. The Center provides Supporting Living Services to individuals who are able to live independently in the community.
    - JB's Ranch is located in Lake Worth and is currently licensed for ten adults.
    - Babbette Wolff Group Home is located in West Palm Beach and is currently licensed for seven adults.
    - Amy's House is located in the Town of Haverhill, Florida and is currently licensed for six female adults.

- *Supported Employment* – The Center provides supported employment services, which includes activities such as janitorial and food services, and allows participants to work in our communities with "coaches" provided by the Center. This ongoing support enables the individuals to move toward greater independence.

1. Business and Summary of Significant Accounting Policies, continued

Nature of the Activities, continued

- *Thrift Store* – The Center has one thrift store located in Lake Worth, Florida. The Center collects donated items from the public and sells them in the thrift store for the benefit of its rehabilitative programs.

- *Adult Day Habilitation/Workshop* – The Center's largest program, offers an assortment of vocational training opportunities. Adults learn to perform packaging, light assembly, and fulfillment services for local businesses. Training opportunities are secured through contracts with local companies and are performed at the main campus in Lake Worth.

Financial Statement Presentation

The Center reports net assets and activity under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under this standard, the Center is required to report information regarding its financial position and activities according to two classes of net assets, described as follows:

- Net Assets without Donor Restrictions: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in net asset class without donor restrictions.

  The Center does not imply time restrictions on gifts of long-lived assets. In the absence of explicit donor stipulation as to how long an asset must be held, the Center releases any purpose restrictions when the asset is placed in service for the use stipulated by the donor.

- Net Assets with Donor Restrictions: this classification includes those net assets whose use by the Center has been limited by donors in a temporary nature, as to either a later period of time, after a specified date, or for a specified purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Method of Accounting

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting, whereby support and revenues are recognized when earned, and expenses when the corresponding liability is incurred. State and local government and public grants are recorded as support when performance occurs under the terms of the grant agreement. The costs of providing the various programs and other activities have been detailed in the statement of functional expenses. Expenses associated with a specific program are charged directly to that program. Expenses which benefit more than one program are allocated based on the relative benefit provided. Administrative expenses are allocated to various programs based on each program's relative salary expense.

1. Business and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with original maturities of three months or less to be cash equivalents. However, cash and cash equivalents maintained by the Center's investment managers are part of the Center's long-term investment policy and are classified as investments.

Investments

Investments included a balanced allocation of money market funds, fixed income obligations, equity securities, and mutual funds presented at fair value, with the resulting realized and change in unrealized gains and losses included in the statement of activities. Fair value is determined by quoted market prices as of June 30, 2020. Security transactions and related expenses are accounted for on a trade-date basis. Investment income attributable to restricted net assets is shown in the column without donor restrictions when the associated restrictions are met in the same reporting period as the income earned. Investment income is reported net of related expenses, such as investment management fees. Investment management fees for the year ended June 30, 2020 were approximately $11,000.

The Center's investment and cash management objectives and policies have been to provide: (a) sufficient liquidity to meet cash flow obligations, (b) sufficient income to meet budgeted requirements and, (c) preservation of capital. In order to meet its objectives (principally liquidity), the Center holds its investments in a combination of accounts. The Center retains the ability to revise its policy to specifically identify strategies and spending policies as they relate to the various designation and restricted categories. The Center appropriates funds from the various categories as funds are needed for the identified and designated purpose, or as the Board deems appropriate for program funding. In February of 2020, the Center changed investment firms, and moved the entire balance into money market funds, where it remains as of June 30, 2020.

Government Agency, Workshop, Client, and Other Receivables

Government agency receivables consist of amounts due from government agencies, which contract with the Center for services and are recorded at net realizable value. In addition, the Center frequently extends credit to its workshop customers and its clients, substantially all of whom are located in Palm Beach County. An allowance for uncollectible accounts is based on historical experience, management's knowledge of the various accounts, and the probability of collection. As of June 30, 2020, an allowance for uncollectible accounts of approximately $44,000, is reflected in the statement of financial position for these receivables.

Property and Equipment

Property and equipment are stated at cost if purchased, or at fair value if donated, and depreciated on the straight-line basis over the estimated useful lives of four to forty years. Donated property and equipment are reported as support without donor restrictions, unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

1. Business and Summary of Significant Accounting Policies, continued

Property and Equipment, continued

Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Costs of major renewals and improvements in excess of $1,000 that extend the useful lives are capitalized and depreciated over periods ranging from 5 to 40 years. Maintenance and repairs are charged to expense as incurred.

Accrued Time Off

All full-time and part-time employees who work a regular schedule are granted paid time off (PTO) for purpose of vacations and personal business or family situations. The accrual is graded based on full-time or part-time status and on the number of years worked. Part-time employees are eligible at a pro-rated level upon completion of six consecutive month's tenure.

A maximum of 160 hours of unused PTO can be carried over from one year to the next. Upon resignation, in good standing, and after working for one year, a maximum of 80 hours may be paid to regular full-time and part-time employees. For employees who are terminated, or are asked to resign, no accrued PTO will be paid. As of June 30, 2020, approximately $108,000 of accrued PTO is reflected in accrued salaries and related expenses in the statement of financial position.

Agency Payable - Intermediary Transactions

In connection with its supportive living programs, the Center follows FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition,* to account for agency transaction funds with its clients. The Center has no discretionary powers over the funds and is to make payments as directed for the benefit of the client. In the acceptance of these funds, the Center recognized agency cash and an agency payable in the statement of financial position.

Contributions

The Center accounts for contributions in accordance with the provisions of FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. In accordance with this guidance, contributed goods and services, which meet certain criteria, are recorded as contributions at their estimated fair value at date of receipt.

The Center reports gifts as unrestricted support unless they are received with donor stipulations that limit the use of the gift. When a donor restriction expires, that is, a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if the restriction is met in the same period as the restricted income is received, the Center classifies such income as support without donor restrictions. Approximately $28,000 of donated services related to repairs and maintenance items including landscaping, pest control, and lift station maintenance were included in contributions in the statement of activities for the year ended June 30, 2020

1. Business and Summary of Significant Accounting Policies, continued

Contributed Services

Many unpaid volunteers have made significant contributions of their time to develop and maintain the Center's programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers provided services throughout the year but are not recognized as contributions in the financial statements since the recognition criteria was not met.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and according to natural classification in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Expense

The Center expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2020 was approximately $13,400 and consisted principally of job postings, workshop brochures, and business cards.

Income Taxes

The Center is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization other than a private foundation under Section 509(a)(2). Amounts considered to be unrelated business income, if any, are taxed net of related expenses at corporate rates. The Center did not have any unrelated business income for the year ended June 30, 2020, and there is no provision for income taxes reflected in the accompanying financial statements.

The Center follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This standard seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Center assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. The Center uses the prescribed more likely than not threshold when making its assessment. There are currently open Federal tax years under examination. See Note 14.

Estimates

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

1. Business and Summary of Significant Accounting Policies, continued

Comparable Financial Information

The financial statements include certain prior-year summarized comparable information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain 2019 amounts may have been reclassified to conform to 2020 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenues from Contracts with Customers* (*Topic 606*) and has modified the standard thereafter. The update provides a robust framework for addressing revenue recognition issues and, upon its effective date, will replace almost all pre-existing revenue recognition guidance, including industry-specific guidance. ASU 2020-05 extended the effective date of the standard to annual reporting periods in fiscal years that begin after December 15, 2019. Therefore, the standard will be effective for the Center's next fiscal year beginning July 1, 2020 and ending June 30, 2021.

In February 2016, The FASB issued ASU 2016-02, *Leases (Topic 842)*. This standard replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. ASU 2020-05 extended the effective date of the standard to annual reporting periods in fiscal years that begin after December 15, 2021. Therefore, the standard will be effective for the Center's fiscal year beginning July 1, 2022 and ending June 30, 2023.

Management is evaluating the effect that these updated standards will have on the Center's future financial statements.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of the statement of financial position date that are without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	$ 486,062
Investments	552,023
Government agency receivables, net	247,985
Workshop receivables, net	43,727
Client and other receivables, net	179,028
	1,508,825
Less certain amounts with donor restriction	150,023
Financial assets available to meet general expenditures over the next 12 months	$ 1,358,802

2. Liquidity and Availability of Resources, continued

The Center is substantially supported by government grants and other contracts without and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Some of the Center's net assets with donor restrictions are available for general expenditure within one year of June 30, 2020, because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Center in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Additionally, the Center's liquidity includes board designated funds. Since these funds are board designated and not donor restricted, the board can access them if needed, and include such funds in the liquidity schedule above. The Center also has a line of credit of $500,000, of which approximately $200,000 was available at year-end to meet short-term needs as described in Note 8.

3. Fair Value Measurement

Fair Value Measurement and Disclosures

The Center follows FASB ASC 820, *Fair Valuation Measurement*. This standard defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements of financial instruments.

The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). If inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level of input that is significant to the fair value measurement of the instrument.

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities of similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The methods and assumptions used by the Center in measuring the fair value of financial instruments under FASB ASC 820 are presented below. There has been no change in the methodologies used as of June 30, 2020.

3. Fair Value Measurement, continued

Financial instruments measured at fair value in these financial statements consist of the following:

- *Investments* – are valued based on quoted market prices according to Level 1. Given the Center switched investment firms in the latter half of the fiscal year, the Organization had not allocated its investment balance into a diversified portfolio by year-end. At June 30, 2020, the total amount remains in the Expanded Bank Deposit Program and is divided up between the investment bank and its affiliated banks to obtain full FDIC coverage of the balance.

The fair value of financial instruments is reported using the input guidance and valuation techniques on a recurring basis described above.

Investments as of June 30, 2020, consisted of the following:

Assets reported at fair value	Level 1 Fair Value	Cost	Unrealized Gain (loss)
Expanded Bank Deposit	$ 552,023	$ 552,023	$ -

The following methods and assumptions were used by the Center in estimating the fair value of financial instruments that are not disclosed under FASB ASC 820:

- *Current assets and liabilities* – the carrying amount for cash, government, workshop, client and other receivables, and accounts payable and accrued expenses approximates fair value due to the short-term nature of those instruments.
- *Lines of credit* – the carrying amount approximates fair value because the interest rate attributable to that instrument is deemed to be a market rate.

4. Government Agency, Workshop, and Client Receivables

Government agency, workshop, and client receivables as of June 30, 2020 consisted of the following:

Government agency receivables	$ 269,985
Less allowance for uncollectible accounts	12,000
	$ 257,985
Workshop receivables	$ 56,047
Less allowance for uncollectible accounts	15,000
	$ 41,047
Client and other receivables	$ 188,708
Less allowance for uncollectible accounts	17,000
	$ 171,708

5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets as of June 30, 2020 consisted of the following:

Prepaid insurance	$ 8,021
Other prepaid expenses	27,327
Other assets	2,000
	$ 37,348

6. *Property and Equipment*

Property and equipment as of June 30, 2020, consisted of the following:

Land	$ 841,991
Buildings	6,414,787
Paving and landscape	150,698
Furniture and fixtures	191,065
Equipment and machinery	882,227
Automobiles and trucks	715,151
	9,195,919
Less accumulated depreciation	(4,714,159)
Plus construction in process (not depreciated)	241,470
	$ 4,723,230

Construction in process as of June 30, 2020 includes costs associated with the PACE building, and the new Memory Care Group Home. There is a $36,000 security deposit associated with the construction of the Memory Group Home. Both projects were put on hold during the year. After year-end, on August 14, 2020 the $36,000 was refunded and in September of 2020, the land associated with the Memory Group Home was sold.

Construction in process last year for the costs associated with the potable water and sewer connection to JB's Ranch was completed during the year, and capitalized as part of the buildings line item above. The Florida Agency for Persons with Disabilities (APD) was the primary funder on the JB's Ranch project along with a roof project that was completed during fiscal year 2017. APD has a mortgage lien in place until completion of both projects. On September 30, 2016, the Center signed a capital outlay grant contract with the Florida Agency for Persons with Disabilities (APD) for approximately $650,000. To facilitate this grant, the Center provided a lien of 5 years to APD on all rights, title and interest in and to the Center's land and real properties: The Center, 4522 South Congress Avenue, Lake Worth, FL 33461; and JB's Ranch, 5203 Colbright Road, Lake Worth, FL 33467.

On May 27, 1968, Palm Beach County (the "County") deeded land to the Center on which its administrative office and workshop facilities are located. The County restricted the use of this land for providing educational and recreational activities to individuals with disabilities. The Center uses the property in accordance with the intended purpose and reports the land as a net asset without donor restrictions. The land was original recorded in the books for $125,145.

On July 10, 2001, the County deeded land to the Center to be used as a residential facility. The County restricted the use of the land such that the Center cannot sell, mortgage, or encumber it in any manner without approval from the County. The Center uses the property in accordance with the intended purpose and reports the land as a net asset with donor restrictions. The land was originally recorded in the books for $169,200.

7. Refundable Advance

The Center received an advance of $375,000, which represents 25% of the total budget of a $1,500,000 contract from the Florida Agency for Persons with Disabilities (Agency) to make renovations to the Cultural Arts building on the Center's main campus. The building is to be used day-to-day to provide cultural arts and training activities. The building is to be renovated to be hurricane hardened in order to serve as an emergency shelter during a hurricane for program participants and their families.

7. **Refundable Advance, continued**

The State of Florida's performance and obligation to pay under the contract is contingent upon an annual appropriation by the Legislature. The Agency's obligation to pay under this Contract is subject to the availability of funds. Due to the project currently being on hold and because subsequent funding is contingent upon appropriation by the Legislature, the advance is listed as a refundable advance on the statement of financial position. The refundable advance is classified as long-term given this contract is through the June 30, 2022 fiscal year, and the Center is expected to request an extension.

8. *Lines of Credit*

The Center had a commitment from a financial institution for a $250,000 unsecured line of credit to be used for general short-term working capital requirements. On October 25, 2018, the line was amended and restated increasing the line to $500,000. Monthly interest only payments are due at prime rate minus twenty-five basis points (0.25%), as published in the Wall Street Journal. The effective rate was 5.25% as of June 30, 2020. Collateral for the line includes all personal property of the Center. The line also has a conversion feature, which allows the lender to convert the facility into an amortizing term loan at any time with written notice to the Center. The unpaid principal balance plus accrued interest was due on demand on September 10, 2019. On July 5, 2019, the line was renewed to October 30, 2020. All other terms and conditions of the agreement remained the same as in the October 25, 2018 agreement. As of June 30, 2020, there was approximately $200,000 of unused balance on this operating line of credit. As of October 2020, the Center negotiated a working capital line of credit with a different financial institution.

In the prior year, the Center received a commitment from the Housing Finance Authority of Palm Beach County for a $1,000,000 line of credit to be used to fund the JB's Ranch Project and for the construction of the new Memory Care Group Home. Monthly interest only payments were due at a 1.0% annual rate, as long as the loan was repaid by April 19, 2019. Should the final maturity of the loan extend beyond that date, the loan shall bear interest at a rate of 2.0% annually, retroactive to the date of the initial advance. The loan was extended and the Center did pay the additional 1% retroactive interest and paid 2% going forward. The collateral for this loan was the investments as reflected on the statement of financial position. On November 19, 2019 the Center requested a reduction in the maximum line to $500,000, and then subsequently paid the loan off on December 19, 2019 from funds in the investment account.

9. PPP Loan Payable

On May 4, 2020, the Center received loan proceeds of $827,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES ACT), provided for loans to qualifying businesses for an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On June 5, 2020, the PPP Flexibility Act extended the covered period during which forgivable costs must be accumulated from eight weeks to 24 weeks. Subsequent to year end on August 4, 2021, the bank approved full forgiveness of this first PPP loan of $827,000. The application was sent to the Small Business Administration (SBA), which has 90 days to complete a final review of the application and send payment to the bank.

9. PPP Loan Payable, continued

On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which included a second round of Paycheck Protection Program (PPP2) forgivable loans with the same general loan terms as the first PPP loan program. Subsequent to fiscal year-end on March 16, 2021, the Center received its PPP2 loan proceeds of $884,737.

The Center will apply for forgiveness for this 2nd PPP loan when the portal is open, but as of the date of these financial statements is not yet available.

10. Board Designated and Net Assets with Donor Restrictions

Board Designated

The Center's Board designates funds from time to time for a variety of purposes associated with preserving the Center or supporting a specific Center purpose. The designated net assets consisted of the following as of June 30, 2020:

General reserve	$ 526,273
Hurricane reserve	85,000
	$ 611,273

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020:

Centurions - capital projects	$ 31,048
Personal supports and supported living	18,102
Capital investment, client assistance and other funds	150,023
	$ 199,173

11. Defined Contribution Annuity Plan

The Center established a tax-sheltered annuity under Section 403(b) of the Internal Revenue Code, effective January 1, 1996. Employees become eligible to participate in the plan's discretionary match on their one-year anniversary date of employment. The plan provides for a discretionary match by the Center of the amount of employee contributions up to a maximum of 5% of compensation; tiered for years of service. The Center's contribution to the Plan for the year ended June 30, 2020 was approximately $34,000, and is included in the employee benefits line in the statement of functional expenses. As of March 1, 2020, the employer match was suspended.

12. Investment and Obligation in Deferred Compensation Plan

As of July 1, 2002, the Center offered a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for certain key employees of the Center. However, the plan was not identified until fiscal year 2019 and was added to the financial statements that year. The assets of the plan are represented as investment in deferred compensation plan, with a corresponding liability for the same amount reflected as obligations under deferred compensation plan of $186,277. Final distribution was paid and the account was closed prior to the following fiscal year-end of June 30, 2021.

12. Investment and Obligation in Deferred Compensation Plan, continued

The Plan permits the Board of Directors to approve discretionary contributions and to defer such amounts on the employee's behalf under the plan. For the year ended June 30, 2020, there were no employer contributions to this plan. These contributions are subject to statutory limits set by the Internal Revenue Service.

All deferred compensation under the plan is not available to covered employees until: a) severance from employment, b) death, or c) as required by minimum distribution requirements. All deferred compensation under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, shall remain (until paid to the employee or their beneficiary) solely the property and rights of the Center, subject to the claims of the Center's general creditors. Each participant will be an unsecured general creditor of the Center with respect to all benefits payable under the Plan. See further information in Note 14.

13. Commitments

The Center leases certain equipment under operating leases. Future minimum rental payments under noncancelable operating leases for each year under lease are approximately:

2021	$ 12,000
2022	15,000
2023	15,000
2024	15,000
2025	15,000
Thereafter	6,000
	$ 78,000

Rental expense for the year ended June 30, 2020 was approximately $37,000.

On July 17, 2019, the Center entered into a three-year agreement with a computer consulting company for a non-recurring charge of approximately $36,000 for a new computer system including hardware, software, and labor, all of which was capitalized and is being depreciated. The contract also includes a recurring monthly charge for information technology service, licenses, etc. of approximately $7,000. The Center can terminate the contract with 30-days written notice to the provider and a pre-payment of an early termination fee not to exceed the greater of three months of the monthly recurring charges, or payment of the balance of the term of the contract.

14. Concentrations and Contingencies

The Center receives the majority of its funding from public sources and is dependent upon the availability of Federal, State, and County grants and awards for its continued existence. The Center currently receives approximately 71% of its governmental funding from the Agency for Persons with Disabilities and a combined 19% from the Department of Vocational Rehabilitation and Palm Beach County. A significant reduction in the level of this support, if it were to occur, would have a material effect on the Center's programs and activities.

The Center does not appear subject to significant credit risk with respect to its accounts receivable, as government agency receivables account for approximately 53% of outstanding receivables.

14. Concentrations and Contingencies, continued

Furthermore, principal account debtors are the Agency for Persons with Disabilities, which accounts for approximately 40% of the total outstanding balance, and the Palm Beach County, which accounts for approximately 13% of the outstanding balance. The remaining balance of its receivables is owed by a variety of organizations or companies.

The Center maintains its cash balances in one national financial institution located in Lake Worth, Florida. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2020, the Center had approximately $422,000 in excess of FDIC insured limits.

In connection with a 2020 examination of the Center's Deferred Compensation and Defined Contribution Plans, the IRS asserted compliance and classification errors in the technical administration of the Deferred Compensation Plans. Although the Center strenuously objected to these findings, the matters were more efficiently resolved through the payment of less than $25,000 in payroll tax withholdings. The IRS has issued such a proposal to conclude the examination and the Center has executed and remitted the same for final acceptance. There were no findings with respect to the Defined Contribution Plan, and the Center is confident in the sound operational aspects of all its benefit plans.

15. Subsequent Events

Management has evaluated subsequent events through August 26, 2021, the date on which the financial statements were available to be issued, and determined that there was an event to disclose in these financial statements.

Subsequent to year-end, on May 31, 2021, Palm Beach Habilitation Center, Inc. entered into a management agreement with another Florida not-for-profit organization, The Arc of Palm Beach County, Inc. (the "Manager") for management services as outlined in the agreement. The Manager is deemed to be an independent contractor of the Center. The term of the agreement is for one year, and will be automatically extended by one year on each anniversary of the effective date, unless The Manager notifies the Center no later than 60 days prior to the beginning of any anniversary that it does not want to extend the term. The Center has agreed to pay $5,000 per month for these management services.

Holyfield & Thomas, LLC
Certified Public Accountants & Advisors
125 Butler Street • West Palm Beach, FL 33407
(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Palm Beach Habilitation Center, Inc.
Lake Worth, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palm Beach Habilitation Center, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2021.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Holyfield & Thomas, LLC

West Palm Beach, Florida
August 26, 2021

SUPPLEMENTARY INFORMATION

PALM BEACH HABILITATION CENTER, INC.

For the Year Ended June 30, 2020

	Work Crews	ASAP	Case Management	Seniors
Support and revenues:				
Fees and grants - Government agencies	$ -	$ 158,236	$ -	$ 206,275
PBC BOCC (FAA-programs 1385/1693)	-	-	-	232,198
Contributions, gifts and special events less capital contributions	500	10,000	-	11,800
Palm Beach County School Board grant	-	-	-	-
In-kind contributions	-	-	-	-
Sales, cafeteria and thrift store	-	-	-	-
Vocational activities	433,380	-	-	-
United Way grant allocations	66,000	-	95,970	-
Investment income, net	-	-	-	-
Gain on sale of property	886	-	-	-
Realized and change in unrealized gain (loss) investments, net	-	-	-	-
Client fees		8,150	-	24,896
Other revenue	-	-	-	-
Total support and revenues	500,766	176,386	95,970	475,169
Expenses:				
Salary and wages	325,221	123,224	161,563	182,424
Client salaries	113,531	-	-	-
Payroll taxes	41,829	9,986	12,676	14,412
Employee benefits & other related expenses	53,434	24,727	34,883	34,491
	534,015	157,937	209,122	231,327
Advertising	748	3,066	218	776
Bad debts	-	9,076	-	1,187
Building maintenance and supplies	22,777	3,784	495	2,383
Equipment repair and maintenance	2,195	-	-	-
Fees, dues and reference materials	632	187	118	226
Freight and related expense	-	-	-	(23)
Fundraising venue and other related	-	-	-	-
Insurance	39,997	4,555	4,689	9,758
Interest	33	65	49	82
Legal and audit fees	-	-	-	-
Material purchases and program supplies	4,730	3,008	369	12,448
Outside services	449	1,423	3,056	2,556
Printing, computer, and office supplies	1,147	2,080	1,419	2,007
Rent	3,466	2,036	1,396	80
Security service	-	-	-	516
Staff travel, screening, and development	4,113	859	68	1,005
Telephone	1,259	1,322	749	1,735
Utilities	2,397	9,107	5,263	7,583
Vehicles	19,236	-	-	2,598
Indirect overhead allocation	119,915	45,435	59,571	67,263
	757,109	243,940	286,582	343,507
Depreciation	10,365	3,458	2,753	14,335
Total expenses	767,474	247,398	289,335	357,842
Net excess (deficiency)	$ (266,708)	$ (71,012)	$ (193,365)	$ 117,327

See independent auditor's report.

SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES

(with comparable totals for 2019)

SAMH	Supported Living	Supported Employment	Computer Lab	Evaluation	Work Production
$ 92,251	$ 228,659	$ 390,560	$ -	$ 17,616	$ 770,720
-	44,955	61,537	73,389	-	-
-	77,073	-	-	-	6,959
-	-	132,545	-	-	92,455
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	387,559
-	-	65,004	-	-	76,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	27,966	-	-	-	31,911
-	-	-	-	-	87
92,251	378,653	649,646	73,389	17,616	1,366,191
50,748	260,493	352,421	58,488	41,728	609,163
-	-	220	-	524	208,135
4,140	20,939	28,099	4,518	3,294	60,518
16,455	57,994	106,034	11,275	9,875	104,726
71,343	339,426	486,774	74,281	55,421	982,542
200	-	-	-	-	1,312
-	6,817	19,349	-	367	10,677
247	1,114	866	399	247	9,219
-	-	-	-	-	3,007
33	137	265	26	526	7,156
-	(1,101)	28	-	-	18,896
-	3,733	-	-	-	162
1,545	4,236	9,901	2,298	1,274	36,971
33	33	98	16	16	360
-	-	-	-	-	-
-	3,438	466	(1)	2,114	12,837
-	17,520	6,166	13,756	474	6,967
138	1,037	879	206	117	6,344
296	1,463	3,316	282	296	11,038
-	-	-	-	-	579
2,701	12,737	34,069	93	375	1,744
399	2,734	2,360	187	374	6,090
2,528	11,376	8,847	1,264	2,528	40,706
-	28	-	-	-	6,581
18,712	96,048	129,944	21,566	15,386	224,609
98,175	500,776	703,328	114,373	79,515	1,387,797
1,360	7,243	4,873	696	1,388	22,674
99,535	508,019	708,201	115,069	80,903	1,410,471
$ (7,284)	$ (129,366)	$ (58,555)	$ (41,680)	$ (63,287)	$ (44,280)

See independent auditor's report.

PALM BEACH HABILITATION CENTER, INC.

For the Year Ended June 30, 2020

	Cafeteria	JB's Ranch Group Home	Babbette Wolff Group Home	Amy's House Group Home
Support and revenues:				
Fees and grants - Government agencies	$ -	$ 239,242	$ 256,167	$ 161,753
PBC BOCC (FAA-programs 1385/1693)	-	-	-	-
Contributions, gifts and special events less capital contributions	185,000	35	-	200
Palm Beach County School Board grant	-	-	-	-
In-kind contributions	-	-	-	-
Sales, cafeteria and thrift store	76,224	-	-	-
Vocational activities	-	-	-	-
United Way grant allocations	5,530	-	-	-
Investment income, net	-	-	-	-
Gain on sale of property	-	-	-	-
Realized and change in unrealized gain, net	-	-	-	-
Client fees	13,353	143,826	45,285	42,006
Other revenue	8	-	-	-
Total support and revenues	280,115	383,103	301,452	203,959
Expenses:				
Salary and wages	79,937	271,618	278,875	141,979
Client salaries	47,613	-	-	-
Payroll taxes	9,629	21,605	22,727	11,379
Employee benefits	10,407	44,737	60,512	21,485
	147,586	337,960	362,114	174,843
Advertising	-	-	402	-
Bad debts	22	9,217	914	18,361
Building maintenance and supplies	5,172	14,678	12,643	9,151
Equipment repair and maintenance	1,645	1,025	430	300
Fees, dues and reference materials	2,814	2,384	2,316	6,377
Freight and related expense	159	-	-	175
Fundraising venue and other related	-	-	-	-
Insurance	5,070	19,648	21,069	14,625
Interest	147	164	218	164
Legal and audit fees	-	-	-	-
Material purchases and program supplies	73,897	60,559	39,038	28,195
Outside services	949	1,082	474	474
Printing, computer and office supplies	318	558	391	5,158
Rent	2,058	-	75	-
Security service	-	2,297	3,829	3,806
Staff travel, screening, and development	94	2,229	1,420	883
Telephone	2,808	7,318	9,309	5,281
Utilities	19,961	18,703	14,491	14,525
Vehicles	-	5,879	4,749	3,571
Indirect overhead allocation	29,474	100,150	102,826	52,350
	292,174	583,851	576,708	338,239
Depreciation	8,267	58,343	42,892	35,993
Total expenses	300,441	642,194	619,600	374,232
Net excess (deficiency)	$ (20,326)	$ (259,091)	$ (318,148)	$ (170,273)

See independent auditor's report.

SCHEDULE OF FUNCTIONAL REVENUES AND EXPENSES

(with comparable totals for 2019)

Total Program Services	Thrift Store	Fundraising	Administration	Total Supporting Services	2020 Totals	2019 Totals
$ 2,521,479	$ -	$ -	$ -	$ -	$ 2,521,479	$ 3,325,739
412,079	-	-	-	-	412,079	289,131
291,567	537	538,603	33,350	572,490	864,057	1,626,306
225,000	-	-	-	-	225,000	225,000
-	-	-	27,886	27,886	27,886	169,355
76,224	197,757	-	-	197,757	273,981	281,042
820,939	-	-	-	-	820,939	765,573
309,004	-	-	10,000	10,000	319,004	295,000
-	-	11,251	543	11,794	11,794	69,391
886	3,441	-	-	3,441	4,327	-
-	-	-	103,784	103,784	103,784	(26,838)
337,393	-	-	-	-	337,393	216,915
95	1,516	-	1,085	2,601	2,696	10,095
4,994,666	203,251	549,854	176,648	929,753	5,924,419	7,246,709
2,937,882	87,797	99,586	697,680	885,063	3,822,945	3,727,591
370,023	203	-	6,985	7,188	377,211	462,063
265,751	7,196	7,930	54,345	69,471	335,222	345,116
591,035	11,416	22,021	100,354	133,791	724,826	683,768
4,164,691	106,612	129,537	859,364	1,095,513	5,260,204	5,218,538
6,722	2,024	457	4,204	6,685	13,407	7,691
75,987	-	-	-	-	75,987	24,682
83,175	4,251	249	70,325	74,825	158,000	179,085
8,602	-	138	860	998	9,600	13,623
23,197	5,229	23,395	77,368	105,992	129,189	63,292
18,134	-	-	716	716	18,850	26,033
3,895	-	241,663	-	241,663	245,558	90,606
175,636	7,729	2,957	52,845	63,531	239,167	255,098
1,478	98	33	54,378	54,509	55,987	16,183
-	-	543	92,850	93,393	93,393	93,411
241,098	3,802	10,485	46,013	60,300	301,398	338,089
55,346	2,224	6,681	132,097	141,002	196,348	173,037
21,799	439	2,705	17,668	20,812	42,611	63,383
25,802	622	564	9,767	10,953	36,755	42,391
11,027	-	-	5,813	5,813	16,840	23,538
62,390	683	429	5,734	6,846	69,236	92,808
41,925	936	374	17,970	19,280	61,205	57,535
159,279	7,206	2,528	11,435	21,169	180,448	146,830
42,642	4,243	-	3,972	8,215	50,857	59,486
1,083,249	32,372	36,719	(1,152,340)	(1,083,249)	-	-
6,306,074	178,470	459,457	311,039	948,966	7,255,040	6,985,339
214,640	11,460	1,388	20,139	32,987	247,627	209,966
6,520,714	189,930	460,845	331,178	981,953	7,502,667	7,195,305
$ (1,526,048)	$ 13,321	$ 89,009	$ (154,530)	$ (52,200)	$ (1,578,248)	$ 51,404

See independent auditor's report.