Alzheimer's Community Care, Inc. and Subsidiary

Consolidated Financial Statements

June 30, 2022 and 2021

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DASZKALBOLTON
accountants & advisors

Independent Auditors' Report

To the Board of Directors
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 at June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization at June 30, 2022, 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 ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, 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.

Continued from previous page

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 27 through 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Functional Expenses by Grant Program on page 34 and the Schedule of Expenditures of State Financial Assistance on page 37 are presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General*, and are also 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 GAAS. In our opinion, the consolidating information, Schedule of Functional Expenses by Grant Program and Schedule of Expenditures of State Financial Assistance are 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 GAS, we have also issued our report dated November 2, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Organization's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Organization at June 30, 2021 and for the year then ended, were audited by other auditors whose report, dated November 29, 2021, expressed an unmodified opinion on those consolidated financial statements.

Daszkal Bolton LLP

Boca Raton, Florida
November 2, 2022

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Current assets:		
Cash	$ 1,074,120	$ 1,187,319
Investments	8,440,058	9,387,402
Accounts receivable, net	781,971	843,944
Contributions receivable, current portion	-	130,000
Prepaid expenses	188,125	125,089
Total current assets	10,484,274	11,673,754
Property and equipment, net	2,656,590	2,593,199
Other assets:		
Contributions receivable, less current portion	-	42,810
Deposits	8,087	8,087
Long-term investments	60,643	60,643
Total other assets	68,730	111,540
Total assets	$ 13,209,594	$ 14,378,493

Liabilities and Net Assets

	2022	2021
Current liabilities:		
Accounts payable	$ 166,800	$ 129,740
Accrued expenses	413,422	221,122
Deferred revenues	790,309	-
Line of credit	400,000	-
Total current liabilities	1,770,531	350,862
Total liabilities	1,770,531	350,862
Commitments and contingencies		
Net assets:		
Without donor restrictions	10,653,010	13,390,625
With donor restrictions	786,053	637,006
Total net assets	11,439,063	14,027,631
Total liabilities and net assets	$ 13,209,594	$ 14,378,493

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Revenues and other support:		
Program services	$ 3,931,751	$ 3,762,385
Contributions	1,404,332	2,127,271
In-kind contributions	456,949	472,697
Government grants	584,667	719,595
United Way contributions	218,988	252,957
Special events	21,037	-
Net investment (loss) income	(1,305,284)	1,875,653
PPP loan forgiveness	-	945,722
Other revenue	123,077	31,287
Net assets released from restrictions	116,453	233,812
Total revenues and other support	5,551,970	10,421,379
Expenses:		
Program services:		
Special program:		
Daycare	5,191,453	4,834,509
Patient and family services:		
Family consultants	1,214,958	1,133,342
Case management	255,812	310,992
Crisis line	28,007	39,046
Other services:		
Education and training	408,142	429,233
Volunteer services	39,385	42,234
ID locator bracelets	347,315	342,815
Total program services	7,485,072	7,132,171
Supporting services:		
Management and general	584,006	219,924
Fundraising	220,507	292,828
Total supporting services	804,513	512,752
Total expenses	8,289,585	7,644,923
(Decrease) increase in net assets without donor restrictions	(2,737,615)	2,776,456
Change in net assets with donor restrictions:		
Contributions	265,500	450,010
Net assets released from restrictions	(116,453)	(233,812)
Increase in net assets with donor restrictions	149,047	216,198
Net assets, beginning of year	14,027,631	11,034,977
Net assets, end of year	$ 11,439,063	$ 14,027,631

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2022

	Program Services					
	Special Program	Patient and Family Services			Other Services	
	Daycare	Family Consultants	Case Management	Crisis Line	Education and Training	Volunteer Services
Salaries	$ 2,758,833	$ 771,639	$ 158,067	$ 14,915	$ 244,013	$ 29,142
Contract labor	2,436	686	141	13	217	26
Employee benefits	295,874	76,306	21,923	1,626	18,266	676
Payroll taxes	207,483	58,105	11,856	1,106	18,526	2,206
Total personnel and related expenses	3,264,626	906,736	191,987	17,660	281,022	32,050
Interest expense	1,209	341	70	7	108	13
Professional fees	201,135	57,925	10,873	1,893	19,347	1,904
Office supplies and stationary	24,285	8,323	1,524	105	2,423	207
Telephone	105,609	22,249	5,545	4,185	4,912	430
Postage and shipping	3,926	1,429	314	1,427	2,443	40
Occupancy						
Rent	297,319	75,062	13,399	384	6,373	761
In-kind rent	264,944	3,992	2,253	-	-	-
Utilities and other	15,109	3,053	621	5	67	11
Equipment maintenance	257,908	63,209	12,818	763	9,738	1,196
Travel	15,605	8,815	3,136	32	2,760	220
Conferences and meetings	3,552	671	137	13	664	25
Publicity, advertising and educational outreach	59,171	16,671	3,417	318	6,244	630
Recruiting	5,263	1,542	610	17	390	34
Program food	246,498	-	-	-	-	-
Program supplies	178,001	2,658	151	243	443	221
Insurance	90,212	23,244	4,858	439	7,275	868
Miscellaneous	10,566	9,589	1,936	179	3,790	355
Hospitality services	14,805	5,914	893	305	59,606	356
Depreciation and amortization	131,710	3,535	1,270	32	537	64
Total expenses	$ 5,191,453	$ 1,214,958	$ 255,812	$ 28,007	$ 408,142	$ 39,385

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2022

	Program Services		Supporting Services			
	Other Services					
	ID Locator Bracelets	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 212,156	$ 4,188,765	$ 305,813	$ 87,070	$ 392,883	$ 4,581,648
Contract labor	193	3,712	-	77	77	3,789
Employee benefits	28,561	443,232	9,775	6,691	16,466	459,698
Payroll taxes	15,803	315,085	11,604	6,671	18,275	333,360
Total personnel and related expenses	256,713	4,950,794	327,192	100,509	427,701	5,378,495
Interest expense	96	1,844	56	39	95	1,939
Professional fees	14,141	307,218	57,746	8,799	66,545	373,763
Office supplies and stationary	9,280	46,147	2,167	23,905	26,072	72,219
Telephone	5,305	148,235	4,812	3,341	8,153	156,388
Postage and shipping	662	10,241	489	2,581	3,070	13,311
Occupancy						
Rent	15,748	409,046	12,998	11,209	24,207	433,253
In-kind rent	1,356	272,545	113,049	1,355	114,404	386,949
Utilities and other	497	19,363	616	531	1,147	20,510
Equipment maintenance	11,263	356,895	10,853	11,685	22,538	379,433
Travel	5,747	36,315	665	2,397	3,062	39,377
Conferences and meetings	188	5,250	168	165	333	5,583
Publicity, advertising and educational outreach	4,678	91,129	10,829	16,484	27,313	118,442
Recruiting	417	8,273	226	433	659	8,932
Program food	-	246,498	210	-	210	246,708
Program supplies	9,088	190,805	15,562	2,096	17,658	208,463
Insurance	6,537	133,433	16,761	2,691	19,452	152,885
Miscellaneous	2,691	29,106	2,037	4,401	6,438	35,544
Hospitality services	1,575	83,454	2,386	26,296	28,682	112,136
Depreciation and amortization	1,333	138,481	5,184	1,590	6,774	145,255
Total expenses	$ 347,315	$ 7,485,072	$ 584,006	$ 220,507	$ 804,513	$ 8,289,585

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services					
	Special Program	Patient and Family Services			Other Services	
	Daycare	Family Consultants	Case Management	Crisis Line	Education and Training	Volunteer Services
Salaries	$ 2,503,269	$ 649,996	$ 200,632	$ 20,613	$ 282,385	$ 26,909
Contract labor	5,281	1,636	410	76	645	71
Employee benefits	286,478	90,496	24,313	2,514	27,938	2,757
Payroll taxes	175,519	59,574	14,049	1,526	21,315	2,040
Total personnel and related expenses	2,970,547	801,702	239,404	24,729	332,283	31,777
Interest expense	6,165	1,960	491	91	771	85
Professional fees	153,044	46,245	11,580	2,150	28,218	2,020
Office supplies and stationary	19,316	7,825	2,483	505	1,964	3
Telephone	90,279	25,288	6,235	4,829	5,801	22
Postage and shipping	3,547	1,793	645	48	449	45
Occupancy						
Rent	275,950	72,430	13,638	989	8,380	929
In-kind rent	285,577	33,507	5,441	906	7,676	851
Utilities and other	11,845	3,358	665	19	165	18
Equipment maintenance	272,374	54,863	13,204	1,432	10,976	1,373
Travel	9,323	9,739	205	37	3,565	313
Conferences and meetings	1,818	165	33	6	646	6
Publicity, advertising and educational outreach	98,709	31,366	7,854	1,457	12,356	1,370
Recruiting	2,724	763	127	5	51	7
Program food	230,676	40	-	-	-	-
Program supplies	177,263	14,102	3,589	568	4,821	612
Insurance	86,661	18,635	4,666	866	7,343	815
Miscellaneous	31,823	6,922	-	297	2,824	1,882
Hospitality services	97	19	4	1	7	1
Depreciation and amortization	106,771	2,620	728	111	937	105
Total expenses	$ 4,834,509	$ 1,133,342	$ 310,992	$ 39,046	$ 429,233	$ 42,234

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services		Supporting Services			
	Other Services					
	ID Locator Bracelets	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 153,655	$ 3,837,459	$ 121,973	$ 138,009	$ 259,982	$ 4,097,441
Contract labor	296	8,415	19	1,030	1,049	9,464
Employee benefits	22,287	456,783	9,721	12,280	22,001	478,784
Payroll taxes	11,320	285,343	9,149	10,449	19,598	304,941
Total personnel and related expenses	187,558	4,588,000	140,862	161,768	302,630	4,890,630
Interest expense	355	9,918	319	397	716	10,634
Professional fees	8,376	251,633	12,658	22,375	35,033	286,666
Office supplies and stationary	1,960	34,056	2,245	39,048	41,293	75,349
Telephone	4,782	137,236	4,247	4,171	8,418	145,654
Postage and shipping	456	6,983	425	6,718	7,143	14,126
Occupancy						
Rent	12,916	385,232	12,304	12,568	24,872	410,104
In-kind rent	3,869	337,827	10,581	4,289	14,870	352,697
Utilities and other	491	16,561	100	645	745	17,306
Equipment maintenance	8,658	362,880	12,169	17,501	29,670	392,550
Travel	4,804	27,986	502	2,924	3,426	31,412
Conferences and meetings	25	2,699	28	381	409	3,108
Publicity, advertising and educational outreach	5,684	158,796	5,108	6,774	11,882	170,678
Recruiting	424	4,101	119	25	144	4,245
Program food	13	230,729	480	-	480	231,209
Program supplies	97,325	298,280	8,869	2,829	11,698	309,978
Insurance	3,377	122,363	3,901	3,777	7,678	130,041
Miscellaneous	1,240	44,988	1,480	4,526	6,006	50,994
Hospitality services	4	133	32	894	926	1,059
Depreciation and amortization	498	111,770	3,495	1,218	4,713	116,483
Total expenses	$ 342,815	$ 7,132,171	$ 219,924	$ 292,828	$ 512,752	$ 7,644,923

See notes to consolidated financial statements.

Alzheimer's Community Care, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (2,588,568)	$ 2,992,654
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Donations of investments	(485,716)	-
Depreciation and amortization	145,255	116,483
Provision for doubtful accounts	(494)	(5,043)
Realized and unrealized loss (gain)	1,453,357	(1,749,960)
PPP loan forgiveness	-	(945,722)
Changes in operating assets and liabilities:		
Accounts receivable	61,972	(15,274)
Contributions receivable	173,392	(172,810)
Prepaid expenses	(63,037)	(10,931)
Deposits and other assets	-	750
Accounts payable	37,059	74,029
Accrued expenses	192,301	290
Deferred revenue	790,309	-
Net cash (used in) provided by operating activities	(284,170)	284,466
Cash flows from investing activities:		
Sales and maturities of investments	1,110,793	746,688
Purchases of investments	(1,131,089)	(635,185)
Purchases of property and equipment	(208,733)	(466,962)
Net cash used in investing activities	(229,029)	(355,459)
Cash flows from financing activities:		
Borrowing on line of credit	400,000	-
Net cash provided by financing activities	400,000	-
Net decrease in cash	(113,199)	(70,993)
Cash, beginning of year	1,187,319	1,258,312
Cash, end of year	$ 1,074,120	$ 1,187,319
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,939	$ 10,634

See notes to consolidated financial statements.

Note 1 – Organization and Purpose

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

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

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

The evidence-based outcomes that have been tested as being successful have been incorporated within ACC's "Model of Care" and are effective for preserving families' quality of life, providing safety and security, and ensuring their well-being throughout the duration of the disease process. The disease can last for 2 to 20 years with an average of 10 years. During the years ended June 30, 2022 and 2021, ACC provided various services to patients and families affected by Alzheimer's disease and related disorders. The following are the major services provided:

Core Services

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

Wrap Around Services

- Information and referral
- Volunteer services
- Quarterly Alzheimer's Magazine
- Website, SociAlz, Alzcare.org
- Specialized disaster preparedness/special needs shelter
- Advocacy

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 U.S. generally accepted accounting principles ("GAAP") to be consolidated with ACC.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

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

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, gains and losses of the Organization are classified and reported based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets that are resources generated from operations, unrestricted donations and lapse of temporary restrictions and are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets whose use by the Organization has been limited by donors to a specific time period, purpose or in perpetuity.

Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including Board designated or appropriated amounts, are legally unrestricted, and are reported as part of net assets without donor restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Functional Allocation of Expenses

The costs of providing the various services the Organization offers have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which can be specifically identified with a functional category are charged accordingly. Expenses which are not directly identifiable with a specific functional category require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort; occupancy costs are allocated on the basis of square footage; and other natural costs are allocated on the basis of management's identification, based on observation and professional evaluation, of the direct benefit of the cost to a particular program function or supporting function.

Note 2 – Summary of Significant Accounting Policies, continued

Cash

Cash includes amounts on deposit with financial institutions in checking accounts and money market accounts. For purposes of the consolidated statements of cash flows, the Organization considers all highly-liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At June 30, 2022 and 2021, deposits with all financial institutions exceeded federal deposit insurance by approximately $687,193 and $738,000, respectively.

Investments

Investments are presented in the consolidated financial statements at fair value, using quoted market prices for publicly traded securities and other relevant information generated by market transactions. The Organization invests in equity and fixed income mutual funds and exchange traded funds. The Organization contracts with an investment manager to perform ongoing investment functions. All investments are held by a trust company for the benefit of the Organization, but are not insured or collateralized. Investment transactions are recorded on a trade date basis. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date.

Accounts Receivable

Accounts receivable consist primarily of monthly billings for the Organization's daycare clients residing in Palm Beach, Martin and St. Lucie Counties. Accounts receivable for daycare operations are uncollateralized. An allowance for doubtful accounts is provided for receivables when there is a question as to collectability. Receivables are written off when management has determined that the amount will not be collected. Collections on accounts previously written off are included in other support when received. At June 30, 2022 and 2021, the allowance for doubtful accounts was $260 and $754, respectively.

Contributions Receivable

Unconditional promises to give (pledges and contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are due in more than one year are discounted to their estimated net present value using a risk-free interest rate at the date of contribution. The discount is amortized to contribution income over the term of the receivable. Conditional promises to give are not included as support until the conditions are met.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restriction.

Note 2 – Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment over $2,500 is capitalized and stated at cost, if purchased by the Organization, or at the fair value of the asset on the date of the gift, if received as a donation. Donated assets are reported as changes in net assets without donor restrictions, unless the use of the asset is restricted by the donor. Depreciation is determined on a straight-line basis over the estimated useful life of the asset, generally forty years for buildings and five to seven years for all other property and equipment. Amortization of leasehold improvements is included with depreciation expense.

Revenue Recognition

In 2020, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The revenue recognition principles of the ASU apply only to exchange transactions and not to contributions and other nonreciprocal transfers to the Organization. The Organization has three main sources of revenue, excluding contributions: program services revenue, special events, and governmental grants.

Program service revenues, including fees for patient services, are generated from patients who attend or receive daycare/respite care services. Revenues for performance obligations are satisfied at a point in time when the single performance obligation is satisfied and recognized when the services are provided, which is when the patient attends the daycare program or other services are provided. The Organization is paid based on the number of units of service or hours provided at established rates per unit of service or per hour. The Organization bills service fees monthly based on the specific services provided, resulting in contract receivables (accounts receivable) and payment is generally due within 30 days. Accounts receivable net of the allowance for doubtful accounts at June 30, 2022 and 2021 amounted to $781,971 and $843,944, respectively.

The Organization also records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received at the point in time when the event takes place. Payment for special events 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 special events at June 30th is generally recognized in the subsequent fiscal year. Revenues from program services and special events are presented separately in the consolidated statements of activities and changes in net assets.

Grant revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each grant agreement.

Note 2 – Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

The Organization recognizes contributions, including unconditional pledges as revenue in the period received. Contributions are reported as without donor restrictions or with donor restrictions depending on the absence or existence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor restrictions that are recognized and that expire within the same year are reported as support without donor restrictions.

Contributions and program service revenues are primarily from donors and patients in Palm Beach, Martin and St. Lucie Counties.

Government Grants

Amounts received or receivable from grantor agencies may be subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Organization for return of those funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned. In addition to revenue recorded as government grants, the Organization also received state financial assistance for the Alzheimer's Disease Initiative ("ADI") Grant on a fee for service basis totaling $2,280,963 and $2,233,232 for the years ended June 30, 2022 and 2021, respectively, that was recorded as program services revenues. Total government grant revenue represented approximately 37% and 28% of total revenue and other support for the years ended June 30, 2022 and 2021, respectively. The ADI grant represented 57% of total receivables at June 30, 2022 and 2021, respectively.

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.

The Organization also receives skilled, contributed time, which does not meet the recognition criteria described above. The contributed time not reflected in the accompanying consolidated financial statements was valued at approximately $23,172 and $11,000 for the years ended June 30, 2022 and 2021, respectively. Concerned members of the community who occasionally sponsor fundraising events on behalf of the Organization underwrite the costs of those events. Accordingly, since no objective basis is available to measure the value of such contributions, they are not reflected in the accompanying consolidated financial statements.

Advertising Costs

Advertising costs are charged to expense as incurred. Total expense for the years ended June 30, 2022 and 2021, was approximately $50,000 in each year.

Note 2 – Summary of Significant Accounting Policies, continued

Compensated Absences

The Organization combines all compensated absence categories into one program called Paid Time Off ("PTO"). The Organization accrues unused PTO when earned by employees. Employees of the Organization may accumulate unused PTO leave after one year of service depending on their job classification and length of service. Accumulated PTO is payable to employees with five or more years of service, upon either termination or retirement with proper notice, at the pay rate on that date. If an employee separates during the first five years of employment, the employee will not be paid any accumulated PTO.

Income Taxes

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

The Organization evaluates its uncertain tax positions in accordance with FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax-exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Organization has any significant uncertain tax positions that would be material to the consolidated financial statements. The Organization's tax returns for tax years prior to 2018 are generally not subject to examination by taxing authorities.

Accounting Pronouncement Adopted

On July 1, 2021, the Organization adopted ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities and changes in net assets, apart from contributions of cash or other financial assets. The ASU also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The Organization has retrospectively applied ASU No. 2020-07 to the year ended June 30, 2021.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities and changes in net assets. The new standard is effective for fiscal years beginning after December 15, 2021. The adoption of this new standard will result in the recognition of a ROU asset and liability.

Reclassification

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 consolidated financial statement presentation.

Note 2 – Summary of Significant Accounting Policies, continued

Date of Management's Review

Management has evaluated subsequent events through November 2, 2022, the date on which the consolidated financial statements were available to be issued.

Note 3 – Liquidity and Availability

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

The following table reflects the Organization's available assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general operating expenditures within one year of the consolidated statements of financial position date. For purposes of analyzing resources available to meet general operating expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program related activities as well as the conduct of services undertaken to support those activities to be general operating expenditures. In addition, the Organization's long-term investments may be sold if the need arises.

Financial assets available to meet cash needs for general operating expenditures for the subsequent fiscal year are as follows:

	2022	2021
Cash	$ 1,074,120	$ 1,187,319
Investments, excluding long-term investments	8,440,058	9,387,402
Accounts receivable	781,971	843,944
Contributions receivable, current portion	-	130,000
Total financial assets	10,296,149	11,548,665
Less: assets with donor restricted purposes	(725,410)	(576,363)
Total financial assets available at June 30	$ 9,570,739	$ 10,972,302

Note 4 – Contributions Receivable

Contributions receivable consist of the following at June 30:

	2022	2021
Receivable in less than one year	$ -	$ 130,000
Receivable in one to two years	-	50,000
	-	180,000
Present value discounts	-	(7,190)
Contributions receivable, net	$ -	$ 172,810

The present value discount was calculated using a discount rate of 3.25%. The discount will be recognized as contribution income over future years.

Note 5 - Investments

Investments consist of the following at June 30:

	2022	2021
Mutual funds:		
Equity	$ 3,254	$ 4,257
Fixed income	1,313,255	1,377,908
Exchange traded funds:		
Domestic equity	3,587,604	4,025,894
International equity	1,443,544	1,713,883
Fixed income	2,153,044	2,326,103
Total investments	$ 8,500,701	$ 9,448,045
Short-term investments	$ 8,440,058	$ 9,387,402
Long-term investments	60,643	60,643
Total investments	$ 8,500,701	$ 9,448,045

The Organization's investments are exposed to various risks, such as market risk, interest rate risk, custodial credit risk, and concentration of credit risk. Due to the various risks associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Note 5 – Investments, continued

Net investment (loss) income consist as follows for the years ended June 30:

	2022	2021
Dividend and interest income	$ 180,570	$ 154,392
Realized and unrealized (loss) gain	(1,453,357)	1,749,960
	(1,272,787)	1,904,352
Investment fees	(32,497)	(28,699)
Net investment (loss) income	$ (1,305,284)	$ 1,875,653

Note 6 – Property and Equipment

Property and equipment consist of the following at June 30:

	2022	2021
Land	$ 28,426	$ 28,426
Buildings	866,337	866,337
Leasehold improvements	2,764,897	2,715,194
Furniture and equipment	476,579	463,055
Vehicle	30,870	75,121
Construction in progress	145,367	-
	4,312,476	4,148,133
Less: accumulated depreciation and amortization	(1,655,886)	(1,554,934)
Total property and equipment, net	$ 2,656,590	$ 2,593,199

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was $145,255 and $116,483, respectively.

Note 7 – Line of Credit

The Organization has a $500,000 line of credit with a variable interest rate equal to the Wall Street Journal Prime Rate (4.75% at June 30, 2022). At June 30, 2022 and 2021, the line of credit had an outstanding balance of $400,000 and $0, respectively. The Organization has pledged certain assets as collateral as defined in the collateral agreement. The line of credit matures on May 31, 2023.

Note 8 – Net Assets With Donor Restrictions

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

	2022	2021
Purpose restrictions:		
Patient scholarships	$ 633,099	$ 500,002
Daycare and music therapy	60,288	64,838
Locator services/bracelets	32,023	11,523
Total purpose restrictions	725,410	576,363
Perpetual restrictions:		
Endowment in perpetuity	60,643	60,643
Total purpose restrictions	$ 786,053	$ 637,006

Purpose restrictions on assets are imposed by the donor and specify a particular program or purpose for which the donated assets must be used. Once the assets are used for the specific program or purpose, the amounts are released from restriction and reclassified to net assets without donor restrictions. Endowment assets are restricted in perpetuity and only the corresponding income on those assets may be used for unrestricted purposes.

For the years ended June 30, 2022 and 2021, amounts released from restrictions totaled $116,453 and $233,812, respectively, and were the result of the accomplishment of purpose restrictions during the year.

Note 9 - 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 related to the endowment fund totaled $60,643 at June 30, 2022 and 2021.

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

Note 9 – Endowment, continued

Absent explicit donor stipulations, FUPMIFA generally requires prudent care in investing, managing and developing spending plans for donor-restricted endowment funds. As a result, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; (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; and, (d) the portion of investment earnings added to the permanent endowment to maintain its purchasing power, if any.

The Organization's current endowment funds do not require any portion of the investment earnings to be added to the endowment and, accordingly, all investment earnings are recorded as unrestricted and used to support the ongoing operations of the Organization. The Organization considers the following factors in making a determination to expend donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

There were no changes in endowment assets for the years ended June 30, 2022 and 2021.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain in perpetuity. These deficiencies generally result from unfavorable market declines in the Organization's endowment investments and are reported as reductions to net assets with donor restrictions. There were no endowment fund deficiencies at June 30, 2022 and 2021.

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

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

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

Note 10 – Fair Value of Financial Instruments

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

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Inputs are unobservable for the assets or liabilities.

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

Items Measured at Fair Value on a Recurring Basis: The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820:

Mutual funds: Valued at the net asset value ("NAV") of the shares held by the Organization at year end as reported on a national stock exchange.

Exchange traded funds: Valued at the closing price of the funds as reported on a national stock exchange.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used during the years ended June 30, 2022 and 2021.

Note 10 – Fair Value of Financial Instruments, continued

Fair Value of Assets and Liabilities: The Organization's financial assets measured at fair value on a recurring basis at June 30, 2022 and 2021, were all Level 1 assets and are summarized as follows:

	Fair Values at June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 1,316,509	$ -	$ -	$ 1,316,509
Exchange traded funds	7,184,192	-	-	7,184,192
	$ 8,500,701	$ -	$ -	$ 8,500,701

	Fair Values at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 1,382,165	$ -	$ -	$ 1,382,165
Exchange traded funds	8,065,880	-	-	8,065,880
	$ 9,448,045	$ -	$ -	$ 9,448,045

There were no liabilities measured at fair value on a recurring basis at June 30, 2022 and 2021.

Note 11 – Operating Leases

The Organization conducts its operations from several facilities that are leased with various expiration dates through June 2037 with the option of renewing through 2045 if conditional requirements are met. Certain facilities leased by the Organization require annual rental payments of one dollar and reimbursement for common area maintenance expenses. The difference between the estimated fair value rental of these facilities and the rent paid by the Organization is recorded as in-kind contributions revenue and in-kind rent expense. The required rental payments are recorded as rent expense. The Organization incurred $433,253 and $410,104 in rent expense and recorded $386,949 and $352,697 for in-kind rent expense for the years ended June 30, 2022 and 2021, respectively.

The Organization also leases copiers and printer equipment under an operating lease which requires 60 monthly payments of $2,775 through May 2024.

Note 11 – Operating Leases, continued

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

Years Ending June 30,	Facilities Rental	Equipment Rental	Total
2023	$ 236,272	$ 34,079	$ 270,351
2024	208,562	31,494	240,056
2025	179,746	1,900	181,646
2026	158,169	2,090	160,259
2027	134,223	-	134,223
Thereafter	1,260,399	-	1,260,399
	$ 2,177,371	$ 69,563	$ 2,246,934

Note 12 – In-kind Contributions

Donated goods and services consist of the following for the years ended June 30:

In-kind category	Valuation	2022	2021
Rent	Estimated fair value per square foot for similar market rentals	$ 386,949	$ 352,697
Advertising	Third-party estimates using market billing rates	70,000	120,000
		$ 456,949	$ 472,697

Note 13 – Retirement Plan

The Organization administers a 401(k) retirement plan (the "Plan") that was adopted on January 1, 2007, and subsequently amended on July 1, 2009. Employees are eligible to participate in the Plan after completing one year of service and may contribute a maximum of 25% of their pre-tax annual compensation, as defined in the Plan, up to the maximum allowable limits established by the Internal Revenue Code. Participants who turn 50 during the plan year may make additional pre-tax contributions pursuant to the Catch-Up Elective Contributions of the Internal Revenue Service regulations. The Organization may make matching or discretionary contributions to the Plan. Currently, employees receive safe harbor matching contributions of 100% of salary deferrals up to 3% of total compensation, plus 50% matching contributions on salary deferrals from 3% to 5% of total compensation. The matching contributions by the Organization to the Plan for the years ended June 30, 2022 and 2021, were $87,668 and $102,806, respectively. No discretionary contributions were made for 2022 or 2021.