

For The Children Inc.

**Independent Auditor's Report
And
Financial Statements
December 31, 2023 and 2022**

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Metwally CPA PLLC

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Independent Auditor's Report

To the Board of Directors
For The Children Inc.

Opinion

We have audited the accompanying financial statements of For The Children Inc. (the "Organization") a Florida not-for-profit organization, which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of For The Children Inc. as of December 31, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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.

Metwally CPA PLLC

Metwally CPA PLLC

Bedford, Texas

September 30, 2024

For The Children Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,713,571	\$ 1,046,134
Promises to give	189,153	132,473
Accounts receivable, net	125,257	186,019
Investments	872,412	848,657
Prepaid expenses and other current assets	100,114	26,354
Total Current Assets	3,000,507	2,239,637
Non-Current Assets		
Property and equipment, net	563,251	191,202
Total Non-Current Assets	563,251	191,202
Total Assets	\$ 3,563,758	\$ 2,430,839
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 228,394	\$ 228,890
Total Current Liabilities	228,394	228,890
Total Liabilities	228,394	228,890
Net Assets		
Without donor restrictions	3,103,816	1,769,967
With donor restrictions	231,548	431,982
Total Net Assets	3,335,364	2,201,949
Total Liabilities and Net Assets	\$ 3,563,758	\$ 2,430,839

The accompanying notes are an integral part of the financial statements.

For The Children Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
Revenue and Other Support				
Government grants	\$ 590,731	\$ -	\$ 590,731	\$ 516,779
State contract	308,622	250,000	558,622	419,992
Contributions and grants	22,167	932,211	954,378	746,445
Program service fees	732,647	-	732,647	450,778
In-kind donations	239,371	-	239,371	232,176
Interest income	36,166	-	36,166	2,836
Released from donor restrictions	1,382,645	(1,382,645)	-	-
Total Revenues and Other Supports	3,312,349	(200,434)	3,111,915	2,369,006
Functional Expenses				
Program services:				
Youth zone	768,713	-	768,713	820,688
Teen zone	526,250	-	526,250	554,980
Community wellness	390,119	-	390,119	423,631
Early learning	207,571	-	207,571	197,814
Supporting activities:				
Management and general	82,389	-	82,389	128,859
Fundraising	3,458	-	3,458	4,269
Total Functional Expenses	1,978,500	-	1,978,500	2,130,241
Change In Net Assets	1,333,849	(200,434)	1,133,415	238,765
Net assets, beginning of year	1,769,967	431,982	2,201,949	1,963,184
Net Assets, End of Year	\$ 3,103,816	\$ 231,548	\$ 3,335,364	\$ 2,201,949

The accompanying notes are an integral part of the financial statements.

For The Children, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	PROGRAM SERVICES				SUPPORTING SERVICES		2023
	Youth Zone	Teen Zone	Community Wellness	Early Learning	Management and General	Fundraising	
Salaries and wages	\$ 380,631	\$ 271,519	\$ 213,314	\$ 59,622	\$ 20,977	\$ 3,208	\$ 949,272
Payroll taxes	32,307	22,431	16,314	2,914	1,590	250	75,805
Employee benefits	4,207	2,965	2,230	2,100	14,774	-	26,275
Total payroll expenses	417,145	296,915	231,858	64,636	37,340	3,458	1,051,352
Building rent	114,865	23,920	23,568	37,674	4,186	-	204,212
Food service and supplies	52,778	24,933	17,411	29,857	3,151	-	128,130
Professional fees	28,550	32,358	30,479	8,566	11,330	-	111,283
Insurance expense	36,781	26,520	25,428	1,917	14,333	-	104,978
Sponsored activities	18,782	36,366	25,620	1,914	1,258	-	83,940
Program supplies	32,629	27,033	2,587	5,279	-	-	67,527
Communications and utilities	10,678	8,031	11,001	27,907	3,292	-	60,909
Building maintenance	6,716	3,647	2,006	22,351	627	-	35,347
Transportation and travel	7,842	31,997	-	398	299	-	40,537
Depreciation expense	25,287	5,348	-	3,185	157	-	33,977
Equipment rental/maintenance	3,029	113	3,812	3,026	2,003	-	11,984
Office expenses	6,698	1,181	2,587	70	344	-	10,879
Grants and assistance	2,622	-	6,502	-	-	-	9,124
Printing and supplies	1,346	4,344	2,354	-	-	-	8,044
Background checks	1,857	2,114	96	61	408	-	4,536
Dues and subscriptions	956	1,114	637	621	997	-	4,325
Interest expense	-	-	4,174	-	-	-	4,174
Merchant and bank fees	-	-	-	-	2,496	-	2,496
Training and development	153	317	-	109	166	-	746
Miscellaneous	-	-	-	-	-	-	-
	\$ 768,713	\$ 526,250	\$ 390,119	\$ 207,571	\$ 82,389	\$ 3,458	\$ 1,978,500

The accompanying notes are an integral part of the financial statements.

For The Children, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		2022
	Youth Zone	Teen Zone	Community Wellness	Early Learning	Management and General	Fundraising	
Salaries and wages	\$ 476,395	\$ 339,832	\$ 266,983	\$ 74,623	\$ 26,255	\$ 4,015	\$ 1,188,103
Payroll taxes	32,853	22,810	16,590	2,963	1,616	254	77,086
Employee benefits	10,988	7,743	5,824	5,484	38,586	-	68,625
Total payroll expenses	520,236	370,385	289,396	83,070	66,458	4,269	1,333,814
Building rent	125,337	26,101	25,717	41,108	4,568	-	222,830
Food service and supplies	46,719	22,071	15,412	26,429	2,789	-	113,420
Professional fees	23,782	26,954	25,388	7,136	9,438	-	92,697
Insurance expense	30,592	22,058	21,149	1,595	11,921	-	87,315
Sponsored activities	14,551	28,174	19,849	1,483	975	-	65,031
Transportation and travel	6,747	27,530	-	343	258	-	34,878
Communications and utilities	8,958	6,738	9,230	23,413	2,762	-	51,101
Depreciation expense	18,933	4,005	-	2,384	118	-	25,440
Program supplies	10,281	8,517	815	1,663	-	-	21,276
Bad debt expense	-	-	-	-	16,582	-	16,582
Building maintenance	1,696	921	507	5,646	4,611	-	13,382
Printing and supplies	1,916	6,180	3,349	-	-	-	11,445
Equipment rental/maintenance	2,263	85	2,848	2,261	1,497	-	8,954
Grants and assistance	2,088	-	5,177	-	-	-	7,265
Miscellaneous	312	-	3,001	-	3,013	-	6,326
Office expenses	2,764	487	1,068	29	142	-	4,490
Dues and subscriptions	953	1,111	635	619	994	-	4,311
Background checks	1,752	1,994	91	58	385	-	4,279
Training and development	808	1,671	-	577	877	-	3,933
Merchant and bank fees	-	-	-	-	1,472	-	1,472
	\$ 820,688	\$ 554,980	\$ 423,631	\$ 197,814	\$ 128,859	\$ 4,269	\$ 2,130,241

The accompanying notes are an integral part of the financial statements.

For The Children Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 1,133,415	\$ 238,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	33,977	25,440
Bad debt expense	-	16,582
Change in assets and liabilities:		
Promises to give	(56,680)	86,396
Accounts receivable	60,762	(202,601)
Prepaid expenses and other current assets	(73,760)	(5,567)
Accounts payable and accrued liabilities	(496)	196,100
Net Cash Provided By (Used In) Operating Activities	1,097,218	355,115
Investing Activities		
Acquisitions of property and equipment	(406,027)	(37,757)
Purchase of investments	(23,755)	-
Net Cash Provided by (Used In) Investing Activities	(429,781)	(37,757)
Financing Activities		
Net Cash Flows Provided By (Used In) Financing Activities	-	-
Net Change In Cash And Cash Equivalent During The Year	667,437	317,358
Cash and cash equivalent - beginning of the year	1,046,134	728,776
Cash And Cash Equivalent - End of The Year	\$ 1,713,571	\$ 1,046,134

The accompanying notes are an integral part of the financial statements.

For The Children Inc.
Notes to Financial Statements
December 31, 2023 and 2022

1. ORGANIZATION AND NATURE OF OPERATIONS

For The Children Inc. (the "Organization") is a Florida Not For Profit Corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, which provides educational, recreational, and developmental programs for children. The primary activities of its programs include afterschool care, youth empowerment, family counseling, and early childhood education.

Youth Zone

The Youth Zone ensures children, ages 5-12, can effectively transition from elementary to middle school. Programs are designed to ensure youth are meeting their academic goals and understand what is required of them as they enter this period of adolescence. Programs offer homework assistance, literacy activities, and recreational activities through partnerships with state and local government agencies. Funding is provided by the Early Learning Coalition of Palm Beach County, The Frederick A. Deluca Foundation, Inc., Unanimous Donors, Healthier Lake Worth Beach and facilities are donated from The School District of Palm Beach County.

The 21st Century Community Learning Center (21st CCLC) provides children attending Barton Elementary School in grades 2-5, with free academic enrichment opportunities during afterschool, school holidays and summer months to help students meet state and local standards in core academic subjects. This program offers students enrichment activities to complement regular academic programs. Funding is provided through the Florida Department of Education and facilities are donated from The School District of Palm Beach County.

Teen Zone

The Teen Zone serves children, ages 10-19, and consists primarily of the Youth Empowerment Center (YEC) and Teen Learning Center (TLC). The programs offer homework assistance, small group tutoring in reading and math, ACT/SAT exam preparation, teen council/leadership development, arts programs, organized physical activities, and recreational activities through partnerships with local government and nonprofit agencies. Funding is provided through grants from the Palm Beach County Youth Services Department, the United Way of Palm Beach County, and use of facilities donated from The School District of Palm Beach County.

Early Learning

The Kids Zone is designed to ensure our children are socially, emotionally, and academically prepared to enter kindergarten. Our programs allow them to explore the worlds of art, music, math, science, and languages in a safe, nurturing environment through partnerships with state and local government agencies. Funding is provided by the Early Learning Coalition of Palm Beach County and use of facilities donated from The City of Lake Worth Beach.

Community Wellness

The Children Community Wellness Center, funded through the Palm Beach County Community Services Department, educates parents about child development issues and our counselors assist families with child development, child-rearing, family planning, violence in the home, drug and alcohol abuse, and other behavioral and mental health issues. The Healthy Kids, Healthy Families program, funded through the Palm Beach County Youth Services Department and Community Foundation of Palm Beach and Martin Counties. Neighbors Helping Neighbors funded through the Palm Health Foundation, provides services and activities for families to increase their knowledge of healthy eating habits, reduce stress through mindfulness and meditation, and increase awareness of health risks linked to obesity as well as wraparound services to include rental and utility assistance and other basic needs.

Multicultural Arts Program

Through initiatives that improve the physical and/or mental health and wellness of children and families, the Multicultural Arts Program (MAP) continues combining visual and non-visual art activities which include music, dance along with health fairs, and performances to promote fitness and well-being. The MAP funded by Florida Department of State Division of Arts and Culture, Max M. & Marjorie S. Fisher Foundation Arts & Culture Fund, Prime Time Palm Beach County and other agency partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Organization's financial statements have been prepared using accrual basis accounting in accordance with generally accepted accounting principles (US GAAP). The Organization reports information regarding its activities and financial position according to separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions - resources management and the governing Board has sole discretion to expend for any purpose towards its mission.

Net assets with donor restrictions - subject to donor-imposed stipulations that restrict the use of resources to specific purposes or future periods.

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and time or savings deposits with a bank or credit union which is Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insured and are recorded at cost. The Organization maintains its cash balances in various bank deposit accounts, which, at times, may exceed FDIC or NCUA limits. The Organization believes it is not exposed to any significant credit risk on cash balance. Cash equivalents are stated at cost, which approximates fair value and consists of money market accounts and bank deposits.

C. Promises To Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give which have a measurable performance barrier and right of return are not recognized until the conditions have been substantially met.

D. Accounts Receivable

Accounts receivable are fees for services provided for which payment has not been received. The amount recorded equals uncollected balances less an allowance for doubtful accounts that management estimates based on past experience that affects collectability. Management evaluates individual account balances to determine whether a customer may not be able to meet their financial obligations. The allowance for doubtful accounts is periodically adjusted to account for changes based upon that evaluation.

E. Investments

Investments are certificates of deposit held at FDIC-insured commercial banks that have original maturities of greater than three months and do not meet the definition of debt securities. Certificates of deposit are valued at amortized cost which approximates fair value.

F. Fair value measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical, unrestricted assets or liabilities, without adjustment in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

G. Prepaid Expenses and Other Current Assets

Expenditures paid in advance are recorded as prepaid expenses until those expenses have been incurred in the following accounting period.

H. Property and Equipment

Acquisitions of property and equipment that exceed \$1,000 with useful lives expected to exceed one year are capitalized. Purchased assets are recorded at cost and donated assets are recorded at fair value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of 3-10 years.

I. Accounts Payable and Accrued Expenses

Accounts payable consists of expenses invoiced by vendors that are outstanding at the end of the accounting period. Accrued expenses are payroll liabilities and operating expenses incurred during the accounting period but not payable until the following fiscal year.

J. Revenue Recognition

Revenue is recognized when earned. Program service fees are recognized as revenue when school readiness and afterschool services have been provided in accordance with terms of its contracts with the Early Learning Coalition of Palm Beach County. The Organization receives monthly payments based on the attendance of eligible children according to predetermined rates per child and weekly tuition paid by parents of students who participate in the school readiness and afterschool programs.

Program services provided for which payment has not been received are accounts receivable due from the Early Learning Coalition and parents. A portion of monthly payments received from the Early Learning Coalition may represent an advance for services to be provided in the subsequent month. Therefore, advance payments would represent deferred

revenue until those performance obligations have been satisfied. Program service fees are recognized over time in accordance to ASC 606. The programs are usually short-term expiring within one year.

K. Grants and Contributions

Grants and contributions are recorded without donor restrictions if available for unrestricted use by the organization. Contributions are recorded with donor restrictions if required to spent for specific purposes or in future periods. If a donor restriction is satisfied within the same reporting period as the contribution received, the contribution is recorded without donor restrictions. Contributions received in prior periods for which donor restrictions have been satisfied in the current year are presented as net assets released from restrictions in the statement of activities.

The Organization derives a portion of its support from cost reimbursement grants, which depend upon the incurrence of qualifying expenses. These grants are recognized when expenditures have been incurred in compliance with specific contract provisions.

L. In-kind Donations

The Organization recognizes in-kind contributions of food, services, and use of facilities based on estimated fair value. Donated services are recognized as contributions if the services provided require specialized skills, are performed by individuals who possess those skills, and would be purchased if not otherwise donated.

M. Concentrations Of Credit Risk

Financial instruments that represent concentrations of credit risk consist principally of cash, cash equivalents, and investment. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, might exceed federally insured limits of \$250,000. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

N. Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates based on assumptions that affect specific reported amounts and disclosures. Significant estimates include the functional allocation of expenses. Actual results could differ from those estimates.

O. Functional Classification Of Expenses

In the statement of activities, expenses are reported as program services or supporting activities. Program services are incurred for the primary activities that fulfill the Organization's mission. Supporting activities include administrative and fundraising expenses not directly identifiable as program services.

Certain costs have been allocated among program services and supporting activities. Payroll expenses are allocated based on time and effort. Building rent, utilities, maintenance, and communications at the Osborne School are allocated based on square footage.

P. Income Taxes

The Organization is exempt from federal income tax under IRC Section 501(c)(3). For the years ended December 31, 2023 and 2022, there were no activities that require recognition or disclosure in the financial statements of material uncertain tax liabilities for income taxes.

Q. Recent Accounting Guidance

The Organization has adopted ASU No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended December 31, 2022 did not result in a change to the accounting for the Organization's revenue. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Organization has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Organization doesn't have any long-term leases.

R. Reclassification

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation. There were no changes to previously issued financial statements as a result of the reclassifications.

3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

As of December 31, 2023 and 2022, the following financial assets are available for general expenditure over the subsequent year less amounts subject to internal designations and donor-imposed restrictions:

Financial assets:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,713,571	\$ 1,046,134
Investments	872,412	848,657
Promises to give	189,153	318,492
Accounts receivable	125,257	-
Total financial assets	<u>2,900,393</u>	<u>2,213,283</u>
Less amounts unavailable for general use:		
Board designated net assets for building project	(946,750)	(946,750)
Board designated net assets for emergency fund	(101,635)	(101,635)
Donor-restricted for specified program expenses	(231,548)	(431,982)
Financial assets available to cover cash needs for general expenditure over the next 12 months	<u>\$ 1,620,460</u>	<u>\$ 732,916</u>

The Organization's liquidity management maintains financial assets to meet a minimum 90 days of operating expenditures in an operating account. Surplus cash is deposited in savings accounts and certificates of deposit. The Board of Directors occasionally will designate a portion of an operating surplus to fund its building project or emergency reserve. In the event of unanticipated cash needs, the Organization could borrow up to \$110,000 from an available line of credit (Note 12).

Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) up to \$250,000. On December 31, 2023 and 2022, the Organization's cash balances exceed the FDIC or (NCUA) insurance limits as follows:

	<u>2023</u>	<u>2022</u>
Accounts		
Checking	\$ 552,407	\$ 796,134
Money Market	565,176	-
Total Uninsured	<u>1,117,583</u>	<u>796,134</u>
Insured Balances	595,988	250,000
Total Cash and Cash Equivalents	<u>\$ 1,713,571</u>	<u>\$ 1,046,134</u>

4. PROMISES TO GIVE

As of December 31, 2023 and 2022, promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Grants Collectable within one year	\$ 189,153	\$ 132,473

5. ACCOUNTS RECEIVABLE

As of December 31, 2023 and 2022, accounts receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Collectable within one year	\$ 147,846	\$ 226,236
Less: Allowance for doubtful accounts	(22,589)	(40,217)
Accounts receivable, net	<u>\$ 125,257</u>	<u>\$ 186,019</u>

6. INVESTMENTS

As of December 31, 2023 and 2022, investments consist of the following:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 872,412	\$ 848,657

7. FAIR VALUE MEASUREMENTS

Fair value of Investments measured on a recurring basis, on December 31, 2023 and 2022 were as follows:

<u>Short-term investments</u>	FAIR VALUE MEASUREMENTS 2023			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 872,412	\$ -	\$ -	\$ 872,412
	\$ 872,412	\$ -	\$ -	\$ 872,412

<u>Short-term investments</u>	FAIR VALUE MEASUREMENTS 2022			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ 848,657	\$ -	\$ -	\$ 848,657
	\$ 848,657	\$ -	\$ -	\$ 848,657

8. PROPERTY AND EQUIPMENT

As of December 31, 2023 and 2022, the Organization's property and equipment consisted of the following major classes of depreciable assets.

	2023	2022
Bus	\$ 295,910	\$ 295,910
Computers and Office Equipment	89,831	83,846
Construction in Progress	474,552	74,510
Land	16,775	16,775
Leasehold Improvements	131,426	131,426
School Furniture, Fixtures & Equipment	655	655
School Playground Equipment	42,886	42,886
Property and equipment	1,052,035	646,008
Less Accumulated Depreciation	(488,783)	(454,806)
Property and equipment, net	\$ 563,251	\$ 191,202

The depreciation expenses recorded for the years ended December 31, 2023 and 2022 were \$33,977 and \$25,440 respectively.

9. DESIGNATION AND RESTRICTIONS OF NET ASSETS

As of December 31, 2023 and 2022 net assets consisted of the following balances:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 2,055,431	\$ 721,582
Board designated emergency fund	101,635	101,635
Board designated for building project	946,750	946,750
Net assets without donor restrictions	3,103,816	1,769,967
Subject to passage of time	2,715	18,750
Subject to Expenditure for Specified Purpose	228,833	413,232
Net assets with donor restrictions	231,548	431,982
Total Net Assets	\$ 3,335,364	\$ 2,201,949

10. DONATED SERVICES AND FOOD

For the years ended December 31, 2023 and 2022, the estimated value of donated services received for teaching, tutoring, and counseling totaled \$31,700 and \$31,700. The estimated value of food donated for its programs totaled \$68,371 and \$61,432, respectively. Donated services and food are recorded as in-kind donations in the statement of activities and recorded as professional fees and food service and supplies in the statement of functional expenses.

11. CONCENTRATIONS OF SUPPORT AND REVENUE

The Organization's primary sources of support and revenue for the years ended December 31, 2023 and 2022 were received from the Florida Department of Education of 23% and 18% and Palm Beach County of 23% and 23% respectively.

12. LINE OF CREDIT

On February 1, 2013, the Organization obtained a line of credit with a \$110,000 limit that is secured by the organization's assets and bears an interest rate of .600 percentage points over the lender's prime rate. As of December 31, 2022, the line of credit balance was \$0. The line of credit has been renewed and will mature on February 1, 2023.

13. EMPLOYEE BENEFIT PLAN

The Organization established a Savings Incentive Match Plan ("SIMPLE") IRA for all employees who are eligible after completing two consecutive years of employment. The Organization matches employees dollar-for-dollar up to 2% of their salary-reduction contributions. Matching contributions paid by the organization to the SIMPLE plan were \$7,395 and \$26,815 for the years ended December 31, 2023 and 2022, respectively.

14. OPERATING LEASES

On July 26, 2010, the Organization entered into an agreement with the City of Lake Worth Beach, authorized by Lake Worth Ordinance 2008-17, to lease the historic Osborne School and adjacent land located at 1718 S. Douglas Street in Lake Worth Beach, Florida for a 99-year term. Use of the premises is for the sole purpose of educational, recreational, counseling, and family support services; the vacant portion shall be developed by the Organization to operate an educational and recreational center available for use by members of nearby communities and the general public. The lease is \$12 plus tax annually and cancelable by either party upon 30 days written notice. The Organization recognizes the fair rental value of use of facilities that exceeds lease payments as in-kind donations and building rent of \$42,000 for the years ended December 31, 2023 and 2022.

On September 30, 2004, the Organization entered into a memorandum of understanding with the School Board of Palm Beach County on behalf of Barton Elementary School to establish a partnership to provide educational, recreational, health, and human services to the residents of all ages in the local community. As part of the agreement, approximately 7,700 square feet was provided for operating their programs. In-kind donations and building rent of \$93,000 has been recorded for the fair rental value of the use of facilities for the years ended December 31, 2023 and 2022.

The Organization is provided use of facilities from the Palm Beach County Youth Services Department to operate the Youth Empowerment Center at 1701 Wingfield Street in Lake Worth Beach, Florida. In addition, Lake Worth Community High School and South Intensive Transition School provide use of their facilities for the Teen Learning Center. In-kind donations and building rent of \$24,000 has been recorded for the fair rental value of the use of facilities for the years ended December 31, 2023 and 2022.

The Organization leases offices at 1712 South Dixie Highway, in Lake Worth Beach, Florida, to provide family counseling services for the Children Community Wellness Center, which is currently in effect month-to-month. Building rent was \$20,848 and \$20,248 for the years ended December 31, 2023 and 2022, respectively.

15. EMPLOYEES RETENTION CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. In 2023, The Organization recognized an amount of \$116,330 employee retention credit. This amount is included in the salaries and wages in the statements of activities. The Organization has filed for refunds of the employee retention credits in 2023, and as of the date of this report, has received \$116,330 in refunds.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2024, which is the date the financial statements were available to be issued. The Organization did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.