REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.

FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rehabilitation Center for Children and Adults, Inc.
Palm Beach, FL

Opinion

We have audited the accompanying financial statements of Rehabilitation Center for Children and Adults, Inc (a nonprofit organization) which comprise the statements of financial position as of August 31, 2023 and 2022 and the related statements of activities 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 Rehabilitation Center for Children and Adults, Inc as of August 31, 2023 and 2022, and the results of its operations 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Rehabilitation Center for Children and Adults, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rehabilitation Center for Children and Adults, 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 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 Rehabilitation Center for Children and Adults, Inc internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rehabilitation Center for Children and Adults, Inc 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

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC
West Palm Beach, FL
December 8, 2023

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 90,144	$ 88,168
Accounts receivable, net of allowance for doubtful accounts of $100,000 and $100,000	475,093	304,834
Prepaid expenses	83,189	71,544
Accrued interest receivable	90,465	77,479
Total current assets	738,891	542,025
Investments (Note B)	19,026,570	18,513,887
Property and equipment, net of accumulated depreciation	494,490	381,484
Total assets	$ 20,259,951	$ 19,437,396
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 48,359	$ 30,160
Deferred revenue	42,500	29,550
Total current liabilities	90,859	59,710
Total liabilities	90,859	59,710
Net assets:		
Without donor restrictions		
Board designated for endowment	18,184,146	17,671,463
Undesignated	1,142,522	863,799
Total without donor restrictions	19,326,668	18,535,262
With donor restrictions	842,424	842,424
Total net assets	20,169,092	19,377,686
Total liabilities and net assets	$ 20,259,951	$ 19,437,396

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

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
Change in unrestricted net assets:		
Support and Revenue		
Contributions	$ 468,265	$ 654,474
Special events, net	276,370	298,219
Public and private grants	10,000	67,231
Patient and community service revenues, net	506,486	353,240
Interest and dividends, net	490,284	383,192
Settlement income	660,000	-
Realized and unrealized gain (loss) (Note B)	600,385	(764,978)
Total support and revenue	3,011,790	991,378
Expenses		
Program expenses	2,038,872	2,098,461
Management and general	120,965	131,776
Fundraising	60,547	50,534
Total expenses	2,220,384	2,280,771
Change in net assets without donor restrictions	791,406	(1,289,393)
Net assets, beginning of year	19,377,686	20,667,079
Net assets, end of year	$ 20,169,092	$ 19,377,686

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

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

	Patient Community Services	Management and General	Fund Raising	Total
Salaries & related	$ 1,001,010	$ 58,080	$ -	$ 1,059,090
Contract services	10,000	-	-	10,000
Health and disability insurance	163,122	10,313	-	173,435
Retirement benefits	128,159	6,744	-	134,903
Payroll taxes	75,592	4,443	-	80,035
	1,377,883	79,580	-	1,457,463
Advertising	1,560	-	3,655	5,215
Continuing professional education	4,070	-	-	4,070
Credit card fees	15,890	-	-	15,890
Fundraising expenses	-	-	16,775	16,775
Management information system	10,848	150	-	10,998
Membership dues	1,405	115	-	1,520
Occupancy	411,999	21,604	3,284	436,887
Other	2,311	190	350	2,851
Postage	1,133	57	20	1,210
Printing	393	32	24,347	24,772
Professional fees	8,622	13,604	-	22,226
Repairs and maintenance	35,824	1,344	6,204	43,372
Retirement plan fees	1,510	80	-	1,590
Supplies	31,246	575	3,822	35,643
Telephone	11,204	567	197	11,968
Travel	1,848	152	-	2,000
Total expenses before depreciation	1,917,746	118,050	58,654	2,094,450
Depreciation expense	121,126	2,915	1,893	125,934
Total expenses	$ 2,038,872	$ 120,965	$ 60,547	$ 2,220,384

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

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022

	Patient Community Services	Management and General	Fund Raising	Total
Salaries & related	$ 994,998	$ 52,960	$ -	$ 1,047,958
Contract services	10,000	-	-	10,000
Health and disability insurance	165,095	9,946	-	175,041
Retirement benefits	146,822	7,944	-	154,766
Payroll taxes	75,874	4,078	-	79,952
	1,392,789	74,928	-	1,467,717
Advertising	929	-	7,040	7,969
Continuing professional education	4,472	-	-	4,472
Credit card fees	14,185	-	-	14,185
Fundraising expenses	-	-	7,227	7,227
Management information system	8,675	155	-	8,830
Membership dues	1,277	138	-	1,415
Occupancy	345,373	22,685	2,830	370,888
Other	1,661	210	338	2,209
Printing	511	44	19,197	19,752
Professional fees	141,903	28,095	-	169,998
Repairs and maintenance	36,578	1,523	5,367	43,468
Retirement plan fees	1,769	96	-	1,865
Supplies	29,279	583	6,650	36,512
Telephone	11,389	633	220	12,242
Travel	1,128	122	-	1,250
Total expenses before depreciation	1,991,918	129,212	48,869	2,169,999
Depreciation expense	106,543	2,564	1,665	110,772
Total expenses	$ 2,098,461	$ 131,776	$ 50,534	$ 2,280,771

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

REHABILITATION CENTER FOR CHILDREN AND ADULTS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 791,406	$ (1,289,393)
Adjustments to reconcile changes in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	125,934	110,772
Net (gain) loss on disposal of property and equipment	2,390	
Realized and unrealized (gain) loss on investments	(600,385)	764,978
Changes in operating non-cash assets & liabilities:		
Accounts receivable	(170,259)	(44,246)
Accrued interest receivable	(12,986)	(18,477)
Prepaid expenses	(11,645)	12,971
Accounts payable and acrrued expenses	18,199	7,712
Deferred revenue	12,950	(28,000)
Net cash provided by (used in) operating activities	155,604	(483,683)
Cash flows from investing activities:		
Proceeds from sales of investments	7,023,355	12,677,640
Purchase of investments	(6,935,653)	(12,444,245)
Purchase of property and equipment	(241,330)	(89,737)
Net cash (used in) provided by investing activities	(153,628)	143,658
Increase (decrease) in cash and cash equivalents	1,976	(340,025)
Cash and cash equivalents, beginning of year	88,168	428,193
Cash and cash equivalents, end of year	$ 90,144	$ 88,168

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Rehabilitation Center for Children and Adults, Inc. (the Center), located in the Town of Palm Beach, Florida, is a comprehensive outpatient rehabilitation facility that provides physical, occupational, and speech therapy and pre-school education. The Center renders services to the general public, substantially all of whom are residents of Palm Beach County, Florida. It is the Center's policy to provide services to those in need regardless of the patient's ability to pay. Services are also rendered to patients under agreements with third-party payers, including Medicare. Such agreements provide for payments to the Center at amounts substantially less than its established rates. The Center is significantly dependent upon gifts and contributions to assist in subsidizing predetermined service rate adjustments and major charitable care allowances.

Basis of accounting

The Center’s financial statements presented herein have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

The Center prepares its financial statement in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Center is required to report information regarding its financial position and activities according to each class of net assets in accordance with donor restrictions, if any. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

> ***Net assets without donor restrictions*** **–** Net assets available for the support of the Center’s operations. The unrestricted net assets may be used at the discretion of the Center’s management and the Board of Governors.
>
> ***Net assets with donor restrictions*** **–** Net assets subject to donor-imposed stipulations that limit the use of the donated assets. When a donor restriction expires, that is when the 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 statement of activities as net assets released from restrictions. This classification also includes net assets subject to donor-imposed stipulations to be maintained permanently by the Center. Generally, earnings from endowed contributions and investments are unrestricted or may also be restricted for specific purposes.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

Reclassification

Certain prior year amounts have been reclassified to conform to current year's presentation. The reclassifications had no effect on previously reported net assets or changes in net assets.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with FASB ASC requires management to make estimates and assumptions that affect: the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, deferred revenue, accounts payable and accrued expenses are stated at carrying cost as of August 31, 2023, which approximates fair value due to the relatively short maturity of these instruments.

Cash and cash equivalents

Bank deposit accounts are maintained at high credit-facility financial institutions. The Center considers all demand deposit accounts and liquid investments available for current use with an initial maturity three months or less to be cash equivalents, except for such similar investments that are held and remain classified within the investment portfolio.

Investments

The Center carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Realized gains and losses from security transactions are reported on the specific identification method based on the difference between the sales price of the security and its cost basis. Unrealized gains and losses are included in the in the accompanying Statements of Activities as increases or decreases in net assets without donor restrictions. Dividend income is accrued on the ex-dividend date and interest is recorded in the period earned. The Center manages its investment risk through the ongoing monitoring efforts of a committee of Board members and the employment of an independent professional investment advisor.

Accounts receivable

Accounts receivable arising from patient services is reported at the estimated net realizable amounts due from patients, Medicare, and other third-party payers (private insurance). Charitable allowances and other amounts not collectable, such as insurance caps and limitations placed on Medicare and private insurance reimbursements, are provided for when services are rendered. Patients' accounts receivable is also evaluated periodically and additional allowances are provided based on management's analysis of each account's delinquency status, a reassessment of the patient’s ability to pay, and the probability of collection. Patient receivables, net of the allowance for uncollectible accounts, represents the amount expected to be collected in cash within the short term (not to exceed one year); therefore, the carrying amount of accounts receivable approximates the fair value. As of August 31, 2023, and 2022, accounts receivable were $475,093 and $304,834, respectively net of allowance for doubtful accounts of $100,000 and $100,000, respectively.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and all equipment acquisitions of $1,500 or more are capitalized while lesser amounts are expensed. Property items received as gifts are recorded at their estimated market value as of the date of the gift. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives, as follows:

Buildings and improvements	19-40 years
Aquatic treatment center equipment	5-10 years
Other treatment equipment	5-10 years
Furniture, fixtures, and equipment	5-10 years
Computer equipment	3-5 years

Patient service revenue recognition

Patient service revenue is recognized as revenue in the period in which the related patient services are provided. Patient fees are recorded at the Center's standard rates and adjusted for estimated allowances and uncollectible amounts.

Revenue from Medicare accounted for approximately 25% of the net patient service revenue in 2023. Laws and regulations governing the Medicare program are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare program.

Special Events, Net

The Center conducts special events for the purpose of raising money for operations and for the child care building. The Center had revenues of $377,468 and $374,196 less related expenses of $101,098 and $75,977 for the years ended August 31, 2023 and 2022, respectively.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Conditional promises to give are recognized when the conditions are substantially met. Support received under a local government grant is recorded over the contract's term, generally one year. Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. 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 and reported in the statements of activity as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as support without donor restrictions.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

Contributions of securities, goods, and other in-kind assets are recorded at fair value and as support without donor restrictions unless the donor stipulates how the donated asset must be used. Contributions of long-lived assets with restrictions are reported as support with donor restrictions until the asset is placed in service. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions until the asset is acquired and placed in service.

A number of volunteers donate a substantial number of hours to the Center's fund-raising campaigns; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Members of the Center's Board of Governors also contribute a substantial amount of time to the Center's policy-making, management and administrative activities. The Center's Board members are not compensated for their services and no amounts have been provided to reflect the fair value of such.

Advertising

The Center uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising was $5,215 and $7,969 for years ending August 31, 2023 and 2022, respectively.

Functional Expenses

In the accompanying statements of activities, expenses have been reported by their functional classification, a method of grouping expenses according to the purpose for which they were incurred. The primary functional classifications are program services and supporting activities. Program services are the activities that result in services being provided to patients that fulfill the purposes or mission for which the Center exists. Supporting activities are all activities of Centers other than program services and are included in the financial statements as management and general expenses and fundraising expenses.

The Center allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification in the statement of activities. Other expenses that are common to several functions are allocated by various statistical bases.

Concentrations of credit risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash deposits at financial institutions and investments. At times, balances in the Center’s cash and investment accounts exceed Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Center qualifies as a tax-exempt Organization, other than a private Foundation, under Section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal income taxes. The Center qualifies as a public charity under the Internal Revenue Code.

The Center files required income tax returns in the U.S. federal jurisdiction. With few exceptions, the Center is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019. The Center has concluded no material uncertain tax positions have been taken on any open tax returns. For the current year the Center believes all tax positions are fully supportable by existing Federal law and related interpretations and there are no uncertain tax positions to consider.

Changes in Accounting Principles

Leases - In 2016, the Financial Accounting Standards Board (FASB) issued (ASU) 2016-02, Leases (Topic 842) which, as amended, was codified as Accounting Standards Codification (ASC) 842, Leases (New Lease Standard). The New Lease Standard requires recognition of lease assets and lease liabilities on the statement of financial position of lessees. The Center adopted the New Lease Standard effective September 1, 2022 using the modified retrospective transition approach with the election to apply the guidance as of the adoption date instead of at the beginning of the earliest comparative period presented. Adoption of the New Lease Standard did not have a material impact on the Center's statement of financial position or statements of activities and cash flows for the year ended August 31, 2023, as the Center had no lease agreements as a lessee.

Contributed nonfinancial assets - Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets requires not-for-profit entities to present nonfinancial assets as a separate item in the statement of activities from contributions of cash and other financial assets. The ASU also requires disclosures including the use of the contributed nonfinancial assets, the policy of monetizing or utilizing contributed nonfinancial assets, description of donor-imposed restrictions associated with contributed nonfinancial assets, and the valuation techniques and inputs used to measure the contributed nonfinancial assets at fair value. The Center adopted ASU 2020-07 for the year ended August 31, 2023.

NOTE B – INVESTMENTS

A single investment pool is maintained for investments held for general operational uses and for endowed funds. Investments include funds restricted in perpetuity by donors for patient care and amounts designated by the Board of Governors for contingencies and the possible lack of future earnings. The portion restricted, $842,424 at August 31, 2023 and 2022, is stated at the original face amount of the endowment gift and has not been adjusted for earnings or for the appreciation or depreciation in value on the invested funds.

NOTE B – INVESTMENTS (CONTINUED)

The following table summarizes the investment portfolio, at fair value, as of August 31, 2023 and 2022:

	2023	2022
Money market fund	$ 725,682	$ 1,760,918
Equity securities, options and other	5,865,207	6,133,031
Corporate, municipal and US treasury bonds	12,435,681	10,619,938
	$ 19,026,570	$ 18,513,887

As part of its routine investment strategy, the Center holds and writes call options in its equity portfolio for the purpose of hedging the risks of certain identifiable and anticipated transactions. Outstanding options were reported as marketable equity securities at a fair value of $(74,324) and $(1,634) as of August 31, 2023 and 2022, respectively. The changes in value of the options, as well as the change in value of the hedged items attributable to the risk being hedged are included in unrealized gains and losses. During 2023 and 2022, the Center realized net gains of $233,053 and $146,860, respectively, from option transactions.

The net investment gain (loss) for the years ended August 31, 2023 and 2022 is summarized as follows:

	2023	2022
Realized gain (loss), net	$ 208,061	$ 848,770
Unrealized gain (loss), net	392,324	(1,613,748)
Net investment gain (loss)	$ 600,385	$ (764,978)

Investment fees of $61,473 and $71,982 for the years ended August 31, 2023 and 2022, respectively, are included with interest and dividends, net on the statements of activities.

NOTE C – FAIR VALUE MEASUREMENTS

The Center uses a three-tier hierarchy established by the FASB ASC to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1: quoted prices in active markets for identical investments.
- Level 2: other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)
- Level 3: significant unobservable inputs (including the Center's own assumptions in determining the fair value of investments).

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

The Center's financial instruments measured at fair market value include investments that are measured according to Level 1. Those financial instruments that are not disclosed under this hierarchy of fair value include cash equivalents, receivables, payables and accruals, all of which approximate fair value due to their short-term nature.

NOTE D – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment and related accumulated depreciation as of August 31, 2023 and 2022:

	2023	2022
Land	$ 78,726	$ 78,726
Buildings and improvements	2,032,286	1,996,016
Aquatic treatment center equipment	166,284	550,101
Other treatment equipment	306,122	292,560
Furniture, fixtures and equipment	37,997	39,396
Computer equipment	38,813	38,813
	2,660,228	2,995,612
Less accumulated depreciation	(2,165,738)	(2,614,128)
Property and equipment, net	$ 494,490	$ 381,484

NOTE E – PATIENT SERVICE REVENUE

Patient service revenue is summarized as follows for the years ended August 31, 2023 and 2022:

	2023	2022
Revenue at standard rates	$ 637,089	$ 493,722
Allowances and uncollectible accounts	(130,603)	(140,482)
Net patient service revenue	$ 506,486	$ 353,240

The Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Center does not pursue collection of amounts determined to qualify as charity care, the normal fee is adjusted to allowances and uncollectible accounts. Allowances granted to patients amounted to 20.5% and 28.45% of total standard fees for 2023 and 2022, respectively.

NOTE F – ENDOWMENT AND NET ASSETS WITH DONOR RESTRICTIONS

The Center's endowment is established for the purposes expressed in the mission of the Center and consists of the donor-restricted endowment fund and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of August 31, 2023, and 2022, the Center's endowment consists of net assets that are both Board Designated and donor restricted.

Funds with deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. Any losses are recorded as reductions in net assets without donor restrictions and restored with subsequent gains. As of August 31, 2023, and 2022, there are no funds with deficiencies.

Interpretation of relevant law

Effective July 1, 2012, the Center adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board of Governors to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board of Governors may expend so much of an endowment fund as the Board of Governors determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

Objectives and strategies employed

To satisfy its long-term rate-of-return objectives, the Center seeks to provide a moderate level of income flow with a capital appreciation objective. The emphasis is on capital appreciation.

Return objectives and risk parameters

The Center has adopted spending and investment policies for the endowment assets that attempt to provide a predictable stream of funding to the Center's operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of funds that are to be held in perpetuity.

Spending policy

To accommodate its long-term investment and operating objectives, the Center intends to annually appropriate between 4% to 6% of the 3-year trailing average of the endowment as measured on August 31st of each year. The exact percentage to be determined annually in light of circumstances existing at that time.

NOTE F – ENDOWMENT AND NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net assets by type of fund as of August 31, 2023, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 842,424	$ 842,424
Board designated endowment funds	18,184,146	-	18,184,146
Total endowment net assets	$ 18,184,146	$ 842,424	$ 19,026,570

Changes in endowment net assets, and reconciliation to investment balances for the year ended August 31, 2023, consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 17,671,463	$ 842,424	$ 18,513,887
Investment return:			
Investment income	551,757	-	551,757
Investment expenses	(61,473)	-	(61,473)
Net appreciation (depreciation)	600,385	-	600,385
Total investment return	1,090,669	-	1,090,669
Contributions and bequests	670,000	-	670,000
Spend rate appropriations	(1,225,000)	-	(1,225,000)
Other appropriations & transfers	(22,986)	-	(22,986)
Endowment net assets, end of year	$ 18,184,146	$ 842,424	$ 19,026,570

NOTE G – RETIREMENT PLANS

The Center offers an IRC *Section 403(b) tax-deferred retirement program* in which participants may contribute up to the maximum allowable by the Internal Revenue Code ("IRC"). All amounts contributed by the participants vest immediately and, at retirement, may be withdrawn in a variety of ways including, but not limited to, monthly, in a lump sum, or over a set period of time. The Center does not contribute to this 403(b) Plan.

Effective January 1, 2017, the Center initiated another IRC *Section 403(b) profit-sharing plan.* The plan covers all employees who have attained the age of 21 and completed 6 months of service. Employer contributions are discretionary and determined by the board. Employer contributions are 100% vested upon entering the plan. To be eligible for the employer matching, employees must complete 1,000 hours in the plan year, and there are no service requirements for the employer profit sharing portion of the plan. The Center's contribution to the plan was $134,903 and $154,766 for the years ended August 31, 2023 and 2022, respectively.

NOTE H – LEGAL MATTERS

From time to time, the Center is subject to legal proceedings which arise in the ordinary course of its operations. Management believes that the final resolution of these matters will not have a material adverse effect on the Center's financial position, cash flows, or results of operations.

During the year ended August 31, 2022, the Center continued a legal matter that seeks reimbursement of incurred damages related to a prior period loss. That Plan was fully funded and successfully terminated in 2019. During the year ended August 31, 2023, the Center received final resolution and settlement of this matter in the amount of $660,000.

NOTE I – LIQUIDITY

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date ending August 31.

	2023	2022
Financial Assets		
Cash and cash equivalents	$ 90,144	$ 88,168
Accounts receivable	475,093	304,834
Financial assets available to meet cash needs for general expenditures within one year	$ 565,237	$ 393,002

NOTE I – LIQUIDITY (CONTINUED)

The Center is primarily supported by contributions, bequests, patient service revenue and annual endowment draws. As part of the Center's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations come due. The endowment is subject to an annual spending rate as described in Note F above. Although the Center does not intend to spend from this endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available in the event deemed necessary.

NOTE J – SUBSEQUENT EVENTS

In the normal course of preparing the Center's financial statements, management reviews events that occur after the statement of financial position date, August 31, 2023, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through December 8, 2023, which is the date the financial statements were available to be issued.