

**LA AMISTAD FOUNDATION, INC.  
D/B/A LAKEWOOD CENTER**

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

LA AMISTAD FOUNDATION, INC.

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# GALLOWAY, RAY & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

2000 Town Plaza Court  
Winter Springs, FL 32708

407-695-1667

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
La Amistad Foundation, Inc.  
Fern Park, Florida

### **Opinion**

We have audited the accompanying financial statements of La Amistad Foundation, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, cash flows, and functional expenses 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 La Amistad Foundation, Inc. as of December 31, 2022 and 2021 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of La Amistad Foundation, 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 La Amistad Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 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 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 La Amistad Foundation, 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, that raise substantial doubt about La Amistad Foundations, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors  
La Amistad Foundation, Inc.  
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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.

*Galloway, Ray & Company, P.A.*

November 10, 2023

## LA AMISTAD FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$2,692,482	\$2,663,484
Accounts receivable	26,307	10,024
Contributions receivable	28,900	58,342
Prepaid expenses	<u>125,158</u>	<u>138,029</u>
Total current assets	2,872,847	2,869,879
Cash, Restricted for Facilities Renovation	126,069	-
Property and Equipment, Net	3,167,872	3,321,693
Operating Lease Right-of-Use Asset	105,600	-
Endowment Investment	211,367	256,028
Other	<u>10,650</u>	<u>10,650</u>
Total assets	<u>\$6,494,405</u>	<u>\$6,458,250</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 39,540	\$ 33,811
Accrued payroll and other expenses	82,925	76,178
Deferred revenue	45,745	68,676
Operating lease liability	110,400	-
Resident refundable deposits	<u>137,250</u>	<u>108,750</u>
Total current liabilities	<u>415,860</u>	<u>287,415</u>
Net Assets:		
Net assets without donor restrictions	<u>5,820,935</u>	<u>6,036,845</u>
Net assets with donor restrictions	153,220	29,600
Net assets with donor restrictions - endowments	<u>104,390</u>	<u>104,390</u>
Total assets with donor restrictions	<u>257,610</u>	<u>133,990</u>
Total net assets	<u>6,078,545</u>	<u>6,170,835</u>
Total liabilities and net assets	<u>\$6,494,405</u>	<u>\$6,458,250</u>

See accompanying notes to financial statements.

## LA AMISTAD FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Total</u>
<b>Operating Revenue and Support:</b>			
Resident fees, less financial assistance of \$228,423	\$2,468,659	\$ -	\$2,468,659
Contributions	185,068	126,069	311,137
In-kind contributions	80,000	-	80,000
Special events, net of \$14,697 direct costs	223,217	-	223,217
Investment income, net	709	-	709
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>2,449</u>	<u>(2,449)</u>	<u>-</u>
Net revenues, gains, and support	<u>2,960,102</u>	<u>123,620</u>	<u>3,083,722</u>
<b>Operating Expenses:</b>			
Program services	2,406,967	-	2,406,967
Supporting services:			
Management and general	481,522	-	481,522
Fundraising and development	<u>250,453</u>	<u>-</u>	<u>250,453</u>
Total operating expenses	<u>3,138,942</u>	<u>-</u>	<u>3,138,942</u>
Excess (Deficit) of Net Revenues over Operating Expenses	<u>(178,840)</u>	<u>123,620</u>	<u>(55,220)</u>
<b>Non-Operating Activities:</b>			
Endowment fund investment loss, net	<u>(37,070)</u>	<u>-</u>	<u>(37,070)</u>
Increase (Decrease) in Net Assets	(215,910)	123,620	(92,290)
Net Assets, Beginning of Year	<u>6,036,845</u>	<u>133,990</u>	<u>6,170,835</u>
Net Assets, End of Year	<u>\$5,820,935</u>	<u>\$ 257,610</u>	<u>\$6,078,545</u>

See accompanying notes to financial statements.

## LA AMISTAD FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Combined Total</u>
<b>Operating Revenue and Support:</b>			
Resident fees, less financial assistance of \$187,329	\$2,367,637	\$ -	\$2,367,637
Contributions	310,673	-	310,673
CARES Act grant revenue	4,513	-	4,513
Special events, net of \$46,247 direct costs	99,318	-	99,318
Investment income, net	3,759	-	3,759
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>26,088</u>	<u>(26,088)</u>	<u>-</u>
Net revenues, gains, and support	<u>2,811,988</u>	<u>(26,088)</u>	<u>2,785,900</u>
<b>Operating Expenses:</b>			
Program services	2,366,046	-	2,366,046
Supporting services:			
Management and general	389,756	-	389,756
Fundraising and development	<u>200,548</u>	<u>-</u>	<u>200,548</u>
Total operating expenses	<u>2,956,350</u>	<u>-</u>	<u>2,956,350</u>
Deficit of Net Revenues over Operating Expenses	<u>(144,362)</u>	<u>(26,088)</u>	<u>(170,450)</u>
<b>Non-Operating Activities:</b>			
Endowment fund investment gain, net	<u>31,054</u>	<u>-</u>	<u>31,054</u>
Decrease in Net Assets	(113,308)	(26,088)	(139,396)
Net Assets, Beginning of Year	<u>6,150,153</u>	<u>160,078</u>	<u>6,310,231</u>
Net Assets, End of Year	<u>\$6,036,845</u>	<u>\$ 133,990</u>	<u>\$6,170,835</u>

See accompanying notes to financial statements.



## LA AMISTAD FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Decrease in net assets	\$ (92,290)	\$ (139,396)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
(Gain)/Loss on endowment investment, net	37,070	(31,054)
Depreciation	167,202	168,804
Amortization of right-of-use asset	110,642	-
Contributions restricted for facilities renovation	(126,069)	-
Cash flows from changes in operating assets and liabilities:		
Accounts receivable	(16,283)	22,971
Contributions receivable	29,442	(39,141)
Prepaid expenses	12,871	(17,775)
Operating lease liability	(105,842)	-
Other assets	-	14,178
Accounts payable and accrued expenses	12,476	9,957
Deferred revenue	<u>(22,931)</u>	<u>68,676</u>
Net cash flows from operating activities	<u>6,288</u>	<u>57,220</u>
Cash Flows from Investing Activities:		
Property and equipment acquisitions	(13,381)	(49,315)
Distribution from endowment investment	<u>7,591</u>	<u>-</u>
Net cash flows from investing activities	<u>(5,790)</u>	<u>(49,315)</u>
Cash Flows from Financing Activities:		
Proceeds from contributions restricted for facilities reno.	126,069	-
Resident funds and deposits, net received (returned)	<u>28,500</u>	<u>(68,052)</u>
Net cash flows from financing activities	<u>154,569</u>	<u>(68,052)</u>
Net increase/(decrease) in cash and cash equivalents	155,067	(60,147)
Cash and Cash Equivalents, Beginning of Year	<u>2,663,484</u>	<u>2,723,631</u>
Cash and Cash Equivalents, End of Year	<u>\$2,818,551</u>	<u>\$2,663,484</u>

Non-Cash Disclosure: A right-of-use (ROU) asset and offsetting operating lease liability were recorded in the amount of \$216,242 in 2022.

See accompanying notes to financial statements.

## LA AMISTAD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Personnel	\$ 1,215,856	\$ 206,438	\$ 122,733	\$ 1,545,027
Employee benefits	198,403	33,686	20,027	252,116
Utilities	179,513	23,787	840	204,140
Depreciation	147,031	19,483	688	167,202
Food expense	133,223	14,802	-	148,025
Insurance	121,904	17,010	2,835	141,749
Professional fees	20,824	114,354	-	135,178
Payroll taxes	92,299	15,671	9,317	117,287
Rent	110,580	3,420	-	114,000
Repairs and maintenance	94,257	2,915	-	97,172
Special event costs	-	-	70,587	70,587
Office supplies and expense	16,574	17,504	932	35,010
Marketing and fundraising	11,079	-	22,494	33,573
Auto	26,325	1,386	-	27,711
Recreation programs	22,004	-	-	22,004
Travel and meetings	7,510	4,718	-	12,228
Licenses	1,766	3,039	-	4,805
Other	7,819	3,309	-	11,128
Total expenses	<u>\$ 2,406,967</u>	<u>\$ 481,522</u>	<u>\$ 250,453</u>	<u>\$ 3,138,942</u>

See accompanying notes to financial statements.

## LA AMISTAD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Personnel	\$ 1,182,537	\$ 207,045	\$ 109,048	\$ 1,498,630
Employee benefits	209,119	36,614	19,284	265,017
Utilities	171,813	22,190	1,026	195,029
Depreciation	148,710	19,206	888	168,804
Food expense	131,548	14,617	-	146,165
Insurance	123,582	17,244	2,874	143,700
Repairs and maintenance	108,642	3,360	-	112,002
Rent	103,596	3,204	-	106,800
Payroll taxes	75,344	13,192	6,948	95,484
Marketing and fundraising	2,500	-	59,574	62,074
Professional fees	8,872	30,304	906	40,082
Office supplies and expense	15,143	15,142	-	30,285
Recreation programs	18,010	-	-	18,010
Licenses	12,505	933	-	13,438
Auto	12,430	654	-	13,084
Travel and meetings	9,222	3,504	-	12,726
Other	32,473	2,547	-	35,020
Total expenses	<u>\$ 2,366,046</u>	<u>\$ 389,756</u>	<u>\$ 200,548</u>	<u>\$ 2,956,350</u>

See accompanying notes to financial statements.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies:

La Amistad Foundation, Inc. (the Organization) is a not-for-profit corporation that owns and operates a long-term residential treatment facility located in Central Florida. The Organization operates under the name “Lakewood Center” and provides services to mentally ill adults from throughout the United States.

## Operating and Non-Operating Activities:

Operating activities relate solely to the continuing programs and supporting services of the Organization. Revenues are realized from residents and their families. Support is provided by contributions, grants, and fundraising activities. Financial aid as reported in the statement of activities represents reductions of resident fees from standard resident rates.

Operating expenses are reported by major function. Management and general activities include the functions necessary to provide support for the Organization’s program activities. They include activities that provide governance, oversight, business management, financial recordkeeping, budgeting, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Non-operating activities include activities related to the acquisition and disposition of property and buildings, contributions restricted and used for building purposes, and endowment investing activities.

## Basis of Accounting:

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Use of Estimates:

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

## Net Assets:

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

## Net Assets without Donor Restrictions:

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

## Net Assets with Donor Restrictions:

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

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

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Net Assets – Continued:

## Net Assets with Donor Restrictions – Continued:

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for the acquisition or construction of buildings or equipment are reported as net assets with donor restrictions until the acquisition is placed in service or as the construction occurs, unless the donor provides more specific directions about the period of its use.

## Revenue Recognition:

## Resident Fees:

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's resident contracts have a single performance obligation, as the promise to transfer the services is not separately identifiable from other promises in the contract and is, therefore, not distinct.

Revenue for the Organization's resident contracts is recognized as the performance obligation is satisfied over time. This revenue is derived from fees that are charged on a monthly basis for resident treatment programs. Residents may remain at the Organization as long as their financial obligations and admission criteria continue to be met.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Revenue Recognition – Continued:

## Contributions:

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

Contributions with donor restrictions are reported as increases in contributions without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Contributions receivable that are expected to be collected in less than one year are reported as current assets and are recorded at their net realizable value. Contributions due in subsequent years are reflected as long-term assets and are recorded at the present value of their net realizable value using current unsecured lending rates. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

Management has evaluated its contributions received during the years ended December 31, 2022 and 2021 and has determined that all contributions are unconditional and therefore recorded in the statement of activities as either without donor restrictions or with donor restrictions, depending on the absence or presence of donor-imposed restrictions.

Contributions of donated nonfinancial assets and services are recorded at their estimated fair values in the period received and are recorded as contributions without donor restrictions, unless otherwise indicated.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Accounts Receivable:

Revenue and related receivables are recognized monthly based on resident occupancy. An allowance for bad debts is recognized annually based on management's assessment of uncollected accounts at the end of each year. At December 31, 2022 and 2021, management has determined that no allowance is necessary.

## Property and Equipment:

Property and equipment in excess of \$5,000 is recorded at cost when purchased and at estimated fair value when donated, less accumulated depreciation. Depreciation is recognized using the straight-line method over the following estimated useful lives:

Building and improvements	15-40 years
Pool	15 years
Furniture, fixtures, and equipment	5-10 years
Vehicles	5 years

## Leases:

The Organization leases a portion of its facilities under an operating lease agreement. The determination of whether an arrangement is a lease is made at the lease's inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Operating leases are included on the accompanying balance sheet as right-of-use (ROU) assets and operating lease liabilities. The Organization has no finance leases.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent an obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, which may include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. The discount rate used to determine the present value is determined by management using the risk-free discount rate, according to the Organization's elected policy. Lease expense is recognized on a straight-line basis over the lease term.



## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Functional Expenses:

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities and categorized by natural classification in the statement of functional expenses. Significant program costs include medical personnel costs, facilities, and related occupancy and resident costs necessary to provide services to residents. Significant administrative costs include management, administrative, and supporting personnel costs allocated based on estimates of time, as well as other administrative costs related to managing and operating the organization. Significant fundraising costs include development personnel costs and other direct and indirect costs of fundraising.

## New Accounting Standards and Change in Accounting Principles:

In February of 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. FASB also subsequently issued various additional ASUs which amend and clarify other related topics. The most significant change in the new leasing guidance is the requirement to recognize ROU assets and liabilities for operating leases on the statement of financial position.

The Organization adopted these ASUs as of January 1, 2022, using the modified retrospective approach. The Organization elected the package of practical expedients permitted under the transition guidance which, among other provisions, allowed the Organization to carry forward its historical lease classification and use a risk-free discount rate. As a result of adopting the new standards, on January 1, 2022, the Organization recorded an ROU lease asset and corresponding operating lease liability of \$216,242. Adoption of the new standard had no impact on the Company's cash flows or beginning balance of net assets.

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in the year ended December 31, 2022. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of the increased disclosures.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

## Income Taxes:

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Florida statutes and is classified as other than a private foundation. Contributions to the Organization qualify as charitable contribution deductions to the extent allowed by income tax regulations. Management has assessed the Organization’s tax position and believes that when using a “more likely than not” threshold as prescribed by FASB ASC 740-10, *Income Taxes*, there is no need to recognize any income tax liability or benefit. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. Also, management believes the Organization is no longer subject to income tax examinations for years ended December 31, 2018 and prior.

## Subsequent Events:

Subsequent events have been evaluated through November 10, 2023, which is the date the financial statements were available to be issued.

## Note 2 – Cash, Cash Equivalents, and Restricted Cash:

Cash and cash equivalents at December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Checking accounts	\$ 61,125	\$ 108,500
Money market accounts	2,630,357	2,553,984
Petty cash	<u>1,000</u>	<u>1,000</u>
	2,692,482	2,663,484
Money market, restricted for facilities renovation	<u>126,069</u>	-
	<u>\$2,818,551</u>	<u>\$2,663,484</u>

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022 and 2021, the Organization had \$2,348,895 and \$2,194,071 in excess of the FDIC limit, respectively. The Organization has not experienced any losses in these accounts, and management believes there is no significant concentration of credit risk related to cash and cash equivalents.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 3 – Property and Equipment:

Property and equipment at December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 310,540	\$ 310,540
Building and improvements	6,093,026	6,079,645
Furniture, fixtures, and equipment	352,950	355,450
Pool and pool equipment	86,460	86,460
Vehicles	<u>125,681</u>	<u>125,681</u>
	6,968,657	6,957,776
Less accumulated depreciation	<u>(3,800,785)</u>	<u>(3,636,083)</u>
	<u>\$ 3,167,872</u>	<u>\$ 3,321,693</u>

Depreciation expense totaled \$167,202 and \$168,804 for the years ended December 31, 2022 and 2021, respectively.

## Note 4 – Endowment Investment (Beneficial Interest in Assets Held by Others):

The Organization holds a beneficial interest in the net assets of the Central Florida Foundation (CFF). The Organization transfers certain endowment funds to CFF for investment. These resources are neither in the possession of, nor under the control of, the Organization. The transfers are irrevocable; however, CFF may make annual distributions of the income earned on the fund to the Organization, subject to CFF's spending policy.

The Board of Directors of CFF shall have the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if the Board of Directors determines that such restriction, limitation, or condition becomes, by material and significant change of circumstances, in effect unnecessary, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural, or educational uses and purposes of the Central Florida area.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 4 – Endowment Investment – Continued:

FASB ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority and the most reliable evidence of fair value. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 are unobservable inputs and have the lowest priority and are used only when Level 1 or Level 2 inputs are not available.

CFF manages and maintains the endowment investment as a component fund of CFF and reports fair value primarily based on quoted market prices. As the beneficiary, the Organization cannot determine the value of its beneficial interest. The beneficial interest is reported in these financial statements at the value reported by CFF, which is a Level 3 unobservable input.

The Organization has an annual option to withdraw an amount, as determined by CFF, from the endowment. During the years ended December 31, 2022 and 2021, the Organization withdrew \$7,591 and \$0, respectively.

The Organization's net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Contributions received with donor-imposed restrictions are reported at fair market value of the original gift as of the date of the gift as net assets with donor restrictions. Earnings and investment gains and losses on the endowment are classified as net assets without donor restrictions absent explicit donor stipulations to the contrary. There are no donor stipulations regarding the earnings, gains, and losses of the currently held endowments.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 4 – Endowment Investment – Continued:

The endowment fair value, as determined by CFF, at December 31, 2022, and 2021, was \$211,367 and \$256,028, respectively. The composition of the Organization's endowment by net asset class is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment net assets, December 31, 2020	\$ 120,584	\$ 104,390
Interest and dividends	4,352	-
Realized gains	20,027	-
Unrealized gains	10,075	-
Investment fees	<u>(3,400)</u>	-
Endowment net assets, December 31, 2021	\$ 151,638	\$ 104,390
Interest and dividends	4,753	-
Realized gains	2,646	-
Unrealized losses	(41,574)	-
Investment fees	(2,895)	-
Distribution	<u>(7,591)</u>	-
Endowment net assets, December 31, 2022	<u>\$ 106,977</u>	<u>\$ 104,390</u>

## Note 5 – Retirement Plan:

The Organization maintains a 403(b) retirement plan for employees who normally work more than 20 hours per week and have completed one year of service. Employer contributions, which are discretionary, totaled \$95,232 and \$107,686 for the years ended December 31, 2022 and 2021, respectively.

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 6 – Lease:

The Organization leases a small portion of its facilities under a five-year agreement that expires in December of 2023. An additional five-year renewal option was not executed by the Organization. The agreement provides for fixed monthly payments which are increased annually by \$200. The lease asset and liability were calculated using a discount rate of 2.0% to determine present value.

The operating lease right-of-use asset at December 31, 2022 is as follows:

Balance at adoption of FASB ASC 842	\$ 216,242
Less accumulated amortization	<u>(110,642)</u>
	<u>\$ 105,600</u>

Additional information about the Company's lease is as follows:

Operating lease costs, including imputed interest of \$3,358	\$ 114,000
Cash paid for amounts included in measuring the operating lease liability	\$ 105,842

Future maturities of the lease liability as of December 31, 2022 are as follows:

Year ending December 31, 2023	\$ 111,600
Total lease payments	<u>111,600</u>
Less interest	<u>(1,200)</u>
Present value of lease liability	<u>\$ 110,400</u>

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 7 – Net Assets with Donor Restrictions:

Net assets were released from donor restrictions during the years ended December 31, 2022 and 2021 by incurring the following expenses, which satisfied the restricted purposes specified by the donors:

	<u>2022</u>	<u>2021</u>
Other	<u>\$ 2,449</u>	<u>\$ 26,088</u>

During the years ended December 31, 2022 and 2021, contributions with donor restrictions were reported as contributions without donor restrictions due to satisfying the following restrictions in the same fiscal year:

	<u>2022</u>	<u>2021</u>
Resident financial assistance	\$ 96,000	\$ 122,043
Marketing	-	31,000
Golf cart purchase	-	10,395
Program expenses	7,869	3,426
Facilities renovation	1,431	-
	<u>\$ 105,300</u>	<u>\$ 166,864</u>

Net assets with donor restrictions at December 31, 2022 and 2021 are available to be used for the following:

	<u>2022</u>	<u>2021</u>
Endowment	\$ 104,390	\$ 104,390
Generator purchase	27,151	29,600
Facilities renovation	126,069	-
	<u>\$ 257,610</u>	<u>\$ 133,990</u>

Net assets with donor restrictions at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 153,220	\$ 29,600
Endowment investment	104,390	104,390
	<u>\$ 257,610</u>	<u>\$ 133,990</u>

## LA AMISTAD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

Years Ended December 31, 2022 and 2021

## Note 8 – Liquidity and Availability of Financial Assets:

The Board of Directors and management are responsible for maintaining financial assets that are sufficient to meet cash needs for general expenditures, to comply with donor restrictions, and to ensure the continuity of operations for the benefit of residents. The Organization meets this responsibility through the budgeting process and frequent monitoring of operating results and the level of liquid assets. Excess cash is maintained in money market accounts. The Organization also engages in long-term planning to ensure that facility expansion is considered and anticipated. As of December 31, 2022, the Organization is planning to renovate a portion of its facilities into an assisted living facility. Financial assets available to meet cash needs for general expenditures within one year total \$2,583,288 as of December 31, 2022.

## Note 9 – In-Kind Contributions:

During the year ended December 31, 2022, the Organization received donated marketing consultant services to assist with increasing referrals, admissions, and the overall census. These services had a fair value of \$80,000 based on estimated compensation rates for comparable services and were expensed as rendered.

During the year ended December 31, 2021, the Organization did not receive any significant in-kind contributions of services.

The Organization also receives various donated items to be auctioned at special event fundraisers. These items are sold and valued according to the actual cash proceeds received, which are included as part of special events revenue on the accompanying statements of activities.