

# **The Academy at Glengary, Inc.**

Financial Statements and  
Independent Auditor's Report  
June 30, 2021 and 2020

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## Independent Auditor's Report

The Board of Directors  
The Academy at Glengary, Inc.  
Sarasota, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of The Academy at Glengary, Inc. (the Academy), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Academy at Glengary, Inc. as of June 30, 2021 and 2020, 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.



Sarasota, Florida  
November 1, 2021

# The Academy at Glengary, Inc.

## Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents:		
Without donor restrictions	\$ 714,262	\$ 645,742
With donor restrictions - purpose	100,000	61,600
Total cash and cash equivalents	<u>814,262</u>	<u>707,342</u>
Accounts receivable	96,609	59,491
Prepaid expenses	10,566	7,141
Total current assets	<u>921,437</u>	<u>773,974</u>
Property and equipment, net	<u>241,064</u>	<u>313,688</u>
Total Assets	<u>\$ 1,162,501</u>	<u>\$ 1,087,662</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 32,961	\$ 41,944
Accrued payroll and taxes	21,201	35,924
Note payable, current portion	-	37,813
Total current liabilities	<u>54,162</u>	<u>115,681</u>
Note payable, non-current portion	<u>-</u>	<u>76,387</u>
Total Liabilities	<u>54,162</u>	<u>192,068</u>
Net Assets:		
Without donor restrictions	1,008,339	833,994
With donor restrictions - purpose	100,000	61,600
Total net assets	<u>1,108,339</u>	<u>895,594</u>
Total Liabilities and Net Assets	<u>\$ 1,162,501</u>	<u>\$ 1,087,662</u>

See accompanying notes to financial statements.

# The Academy at Glengary, Inc.

## Statement of Activities

Year Ended June 30, 2021

(With Summarized Totals for the Year Ended June 30, 2020)

	<b>Without Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2020</b>
Support, Revenue and Releases:				
Program revenues	\$ 554,699	\$ -	\$ 554,699	\$ 557,476
Grant revenues	157,651	100,000	257,651	148,225
Forgiveness of Paycheck Protection Program Loan	114,200	-	114,200	-
Corporate contributions	52,869	-	52,869	75,000
Individual contributions	132,979	40,925	173,904	156,972
Member contributions	18,615	-	18,615	37,884
Food service revenues	17,021	-	17,021	15,215
Special events, net of direct costs of \$29	32,341	-	32,341	114,120
In-kind contributions	116,736	-	116,736	116,736
Interest and dividends	74	-	74	1,615
Other	35	-	35	168
Net assets released from restriction	102,525	(102,525)	-	-
<b>Total support, revenue and releases</b>	<b>1,299,745</b>	<b>38,400</b>	<b>1,338,145</b>	<b>1,223,411</b>
Operating expenses:				
Program services	1,034,329	-	1,034,329	985,457
Support services:				
Management and general	81,093	-	81,093	73,204
Fundraising	9,978	-	9,978	8,646
<b>Total operating expenses</b>	<b>1,125,400</b>	<b>-</b>	<b>1,125,400</b>	<b>1,067,307</b>
Change in net assets	174,345	38,400	212,745	156,104
Net assets at beginning of year	833,994	61,600	895,594	739,490
<b>Net assets at end of year</b>	<b>\$ 1,008,339</b>	<b>\$ 100,000</b>	<b>\$ 1,108,339</b>	<b>\$ 895,594</b>

See accompanying notes to financial statements.

# The Academy at Glengary, Inc.

## Statement of Activities

Year Ended June 30, 2020

(With Summarized Totals for the Year Ended June 30, 2021)

	<b>Without Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>2021</b>
Support, Revenue and Releases:				
Program revenues	\$ 557,476	\$ -	\$ 557,476	\$ 554,699
Grant revenues	148,225	-	148,225	257,651
Forgiveness of Paycheck Protection Program Loan	-	-	-	114,200
Corporate contributions	75,000	-	75,000	52,869
Individual contributions	116,047	40,925	156,972	173,904
Member contributions	37,884	-	37,884	18,615
Food service revenues	15,215	-	15,215	17,021
Special events, net of direct costs of \$2,442	114,120	-	114,120	32,341
In-kind contributions	116,736	-	116,736	116,736
Interest and dividends	1,615	-	1,615	74
Other	168	-	168	35
Net assets released from restriction	145,876	(145,876)	-	-
<b>Total support, revenue and releases</b>	<b>1,328,362</b>	<b>(104,951)</b>	<b>1,223,411</b>	<b>1,338,145</b>
Operating expenses:				
Program services	985,457	-	985,457	1,034,329
Support services:				
Management and general	73,204	-	73,204	81,093
Fundraising	8,646	-	8,646	9,978
<b>Total operating expenses</b>	<b>1,067,307</b>	<b>-</b>	<b>1,067,307</b>	<b>1,125,400</b>
Change in net assets	261,055	(104,951)	156,104	212,745
Net assets at beginning of year	572,939	166,551	739,490	895,594
<b>Net assets at end of year</b>	<b>\$ 833,994</b>	<b>\$ 61,600</b>	<b>\$ 895,594</b>	<b>\$ 1,108,339</b>

See accompanying notes to financial statements.

## The Academy at Glengary, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2021

(With Summarized Totals for the Year Ended June 30, 2020)

	<b>Supporting Services</b>			<b>Totals</b>	<b>2020</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>		
Salaries and wages	\$ 428,635	\$ 47,993	\$ -	\$ 476,628	\$ 480,255
Payroll taxes and employee benefits	93,003	10,413	-	103,416	95,800
Depreciation	92,036	-	-	92,036	87,871
In-kind expense	115,263	1,473	-	116,736	116,736
Insurance	28,356	3,151	-	31,507	26,025
Office and information technology	39,267	126	-	39,393	30,537
Advertising and public relations	1,029	-	-	1,029	4,187
Fundraising	-	-	2,158	2,158	3,576
Supplies	49,357	-	-	49,357	29,146
Facilities, repairs and maintenance	90,733	10,080	-	100,813	78,993
Professional development	30,360	874	-	31,234	28,427
Professional fees	36,734	4,082	7,820	48,636	40,952
Other	29,556	2,901	-	32,457	44,802
Total	\$ 1,034,329	\$ 81,093	\$ 9,978	\$ 1,125,400	\$ 1,067,307

See accompanying notes to financial statements.

## The Academy at Glengary, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2020

(With Summarized Totals for the Year Ended June 30, 2021)

	Supporting Services			Totals	2021
	Program Services	Management and General	Fundraising		
Salaries and wages	\$ 435,257	\$ 44,998	\$ -	\$ 480,255	\$ 476,628
Payroll taxes and employee benefits	86,824	8,976	-	95,800	103,416
Depreciation	87,871	-	-	87,871	92,036
In-kind expense	115,263	1,473	-	116,736	116,736
Insurance	23,422	2,603	-	26,025	31,507
Office and information technology	30,291	246	-	30,537	39,393
Advertising and public relations	4,187	-	-	4,187	1,029
Fundraising	-	-	3,576	3,576	2,158
Supplies	29,146	-	-	29,146	49,357
Facilities, repairs and maintenance	71,094	7,899	-	78,993	100,813
Professional development	28,037	390	-	28,427	31,234
Professional fees	32,294	3,588	5,070	40,952	48,636
Other	41,771	3,031	-	44,802	32,457
Total	\$ 985,457	\$ 73,204	\$ 8,646	\$ 1,067,307	\$ 1,125,400

See accompanying notes to financial statements.



# The Academy at Glengary, Inc.

## Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 212,745	\$ 156,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	92,036	87,871
Forgiveness of Paycheck Protection Program loan	(114,200)	-
Change in operating assets:		
Accounts receivable	(37,118)	16,136
Prepaid expenses	(3,425)	7,626
Change in operating liabilities:		
Accounts payable	(8,983)	7
Accrued payroll and taxes	(14,723)	3,089
Total adjustments	<u>(86,413)</u>	<u>114,729</u>
Net cash provided by operating activities	<u>126,332</u>	<u>270,833</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(19,412)</u>	<u>(5,663)</u>
Net cash used in investing activities	<u>(19,412)</u>	<u>(5,663)</u>
Cash Flows from Financing Activities:		
Proceeds from note payable	<u>-</u>	<u>114,200</u>
Net cash provided by financing activities	<u>-</u>	<u>114,200</u>
Change in cash and cash equivalents	106,920	379,370
Cash and cash equivalents - beginning of period	707,342	327,972
Cash and cash equivalents - end of period	<u>\$ 814,262</u>	<u>\$ 707,342</u>

See accompanying notes to financial statements.

# The Academy at Glengary, Inc.

## Notes to Financial Statements

June 30, 2021 and 2020

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### **I. Organization**

The Academy at Glengary, Inc. (the Academy), is a Florida not-for-profit organization which commenced operations on June 18, 2018 (inception) for the purpose of fostering a working community where adults living with mental illnesses can reach their potential through friendship, healthy lifestyles, skill development, education and gainful employment.

### **2. Summary of Significant Accounting Policies**

#### **Financial Statements**

The financial statements and notes are a representation of the Academy's management, which is also responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### **Use of Estimates and Assumptions**

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 the reported amounts of assets and liabilities, 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 and assumptions.

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Academy and changes therein are classified and reported as follows:

**Net assets without donor restrictions** - net assets that are not subject to donor-imposed stipulations. Quasi-endowment funds and board designated funds, established by the Board of Directors, are classified as net assets without donor restrictions.

**Net assets with donor restrictions** - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Academy and/or the passage of time. When a restriction expires or when funds are utilized in accordance with restriction requirements, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other net assets are perpetual in nature. These net assets are subject to donor-imposed stipulations that the net assets be maintained in perpetuity by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on any related investment for general or specific purposes.

The Academy does not have any quasi-endowment funds, board designated funds or net assets with donor restrictions that are perpetual in nature.

#### **Revenue Recognition**

All contributions are considered available without donor restrictions unless specifically restricted by the respective donor.

**The Academy at Glengary, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Contributions received with donor stipulations and grants received with purpose restrictions that limit the use of donated assets are treated as net assets with donor restrictions. When the purpose of the restriction is accomplished, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Academy does not have any conditional promises to give.

Program revenues are recognized when the performance obligations of providing the services are met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Academy recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Academy recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

**Income Taxes**

The Academy has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code (IRC). Income earned in furtherance of the Academy's tax-exempt purpose is exempt from federal and state income taxes. Therefore, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Academy has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

The Academy files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Academy is subject include the period ended December 31, 2018 through the year ended June 30, 2021.

**Financial Instruments Not Measured at Fair Value**

The Academy's financial instruments are not measured at fair value on a recurring basis; however, certain financial instruments are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued payroll and taxes.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Academy considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Academy maintains its cash accounts at commercial banks.

**Accounts Receivable**

The Academy uses the allowance method of accounting for doubtful accounts. The allowance is based upon a review of the current status of existing receivables and management's estimate as to their collectability.

**The Academy at Glengary, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies (Continued)**

**Accounts Receivable (Continued)**

Accounts receivable as of June 30, 2021 and 2020 consist of amounts due for program services provided by the Academy under a funding agreement. The Academy considers all accounts receivable to be fully collectible as of June 30, 2021 and 2020, therefore no allowance has been provided for in these financial statements.

**Property and Equipment**

Property and equipment are recorded at cost or at estimated fair value at the date of gift. Property and equipment exceeding \$5,000 and an useful life of one year or longer are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from five to seven years. Other expenditures for maintenance and repairs are charged to expenses in the year the costs are incurred. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When assets are impaired, asset values are reduced for this impairment. There was no impairment recognized on property and equipment during the years ended June 30, 2021 and 2020.

**Advertising and Public Relations**

Advertising costs are expensed as incurred. During the years ended June 30, 2021 and 2020, total advertising expenses were \$1,029 and \$4,187, respectively.

**Functional Allocation of Expenses**

The costs of providing the program and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Costs are allocated between program services, management and general or fundraising based on evaluations of the related benefits. Management and general expenses include expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Academy. The expenses that are allocated include salaries, employee benefits, payroll taxes and other expenses for services which are allocated on the basis of estimated time and effort.

**Services of Volunteers**

The Academy has adopted a policy which recognizes volunteer services provided by individuals possessing specialized skills which would typically need to be purchased if not provided by donation. No such services were donated during the years ended June 30, 2021 and 2020. Nevertheless, the Board members and volunteers have donated their time to the Academy's program services and administrative functions by performing tasks that do not require specialized skills. The financial statements do not reflect the value of these donated services because it does not meet the criteria for recognition as donated revenue under generally accepted accounting principles.

**3. Liquidity and Availability**

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

	<u>2021</u>		<u>2020</u>
Cash and cash equivalents - without donor restrictions	\$ 714,262	\$	645,742
Accounts receivable	96,609		59,491
Total financial assets available to management for general expenditure within one year	<u>\$ 810,871</u>	\$	<u>705,233</u>

**The Academy at Glengary, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2021 and 2020

**3. Liquidity and Availability (Continued)**

The Academy manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

**4. Property and Equipment**

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

	<u>2021</u>	<u>2020</u>
Computer equipment and software	\$ 211,984	\$ 211,984
Kitchen equipment and fixtures	167,336	167,336
Furniture and equipment	84,367	84,367
Vehicles	38,642	19,230
Leasehold improvements	5,663	5,663
	<u>507,992</u>	<u>488,580</u>
Less accumulated depreciation	266,928	174,892
Property and equipment, net	<u>\$ 241,064</u>	<u>\$ 313,688</u>

Depreciation expense was \$92,036 and \$87,871 for the years ended June 30, 2021 and 2020, respectively.

**5. Note Payable**

**Paycheck Protection Program Loan**

On April 16, 2020, the Academy qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$114,200 (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Academy's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Academy. The Academy applied for and received forgiveness of the PPP Loan with respect to these covered expenses on November 24, 2020. The loan was initially recorded as a note payable in the amount of \$114,200 as of June 30, 2020. Upon forgiveness, the liability was extinguished and recorded as forgiveness of Paycheck Protection Program Loan in the statement of activities for the year ended June 30, 2021.

**6. Net Assets With Donor Restrictions**

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Technology Grant	\$ 100,000	\$ -
Reaching Underserved Populations Grant	-	61,600
Total purpose restrictions	<u>\$ 100,000</u>	<u>\$ 61,600</u>

**The Academy at Glengary, Inc.**  
Notes to Financial Statements (Continued)  
June 30, 2021 and 2020

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**7. Net Assets Released From Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by other events specified by donors. Purposes for which restrictions were satisfied include the following for the years ended June 30:

	<b>2021</b>	<b>2020</b>
Satisfaction of purpose restrictions:		
Reaching Underserved Populations Grant	\$ 61,600	\$ 100,676
Scholarship Fund	40,925	45,200
Total net assets released from restrictions	\$ 102,525	\$ 145,876

**8. Financial Instruments with Credit Risk**

Financial instruments, which potentially subject the Academy to concentrations of credit risk, consist of cash and cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures cash and other deposits up to \$250,000 at each financial institution. At any given time, the Academy may have cash balances exceeding the insured amount at any one financial institution. The Academy has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**9. Concentrations of Support and Revenue**

There were no major donors during the year ended June 30, 2021. There were program revenues received of \$548,308, or 41% of total support and revenues, funded by a state sourced funding agreement. At June 30, 2021 the entire accounts receivable balance of \$96,609 was due from the state sourced funding agreement.

There were two major donors during the year ended June 30, 2020 who contributed a combined total of \$337,069, or 27.5%, of total support and revenues. Of this amount, \$171,570, or 14%, was received from multiple donors through a community foundation. Additionally, there were program revenues received of \$537,368, or 43.9% of total support and revenues, funded by a state sourced funding agreement. At June 30, 2020 the entire accounts receivable balance of \$59,491 was due from the state sourced funding agreement.

**10. Related Party Transactions**

Board members and members of management are required to complete annual conflict of interest disclosure statements. From time to time, board members make contributions to the Academy.

During the years ended June 30, 2021 and 2020, a company affiliated to members of the board donated fair market value of rent of \$116,736 and \$116,736, respectively, through a below-market operating lease of premises in place between the Academy and a company affiliated with a member of the Board. The terms of this lease specify an annual rent of one dollar per year with an original expiration date of June 30, 2019. The Academy, at its sole discretion, has five successive options to renew the lease for additional one year periods. The Academy has exercised that option and the lease has been renewed through June 30, 2022. The lease requires the Academy to use the property for the sole purpose of operating a program for adults living with mental illness which provides educational and career services, including job readiness, academic tutoring, resume development, interview skills, job development and job placement.

**11. Subsequent Events**

The Academy has evaluated all events subsequent to the statement of financial position date as of June 30, 2021 through the date these financial statements were available to be issued, November 1, 2021, and have determined that there are no subsequent events that require disclosure.