

**211 BREVARD, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

211 BREVARD, INC.
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YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
211 Brevard, Inc.

Opinion

I have audited the accompanying financial statements of 211 Brevard, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 211 Brevard, Inc. as of June 30, 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

I conducted the audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of 211 Brevard, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to the audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 211 Brevard, 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

My 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 my 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 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, I:

- 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 211 Brevard, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 211 Brevard, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of state earnings and cost center actual expenses and revenues on pages 18-19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

Board of Directors
211 Brevard, Inc.
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financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lark Janes CPA LLC

Lark Janes CPA LLC
Certified Public Accountant
December 2, 2022

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211 BREVARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 573,999	\$ 819,241
Investments	78,039	83,995
Accounts receivable	8,441	20,930
Grants and contracts receivable	168,692	144,982
Unconditional promises to give	183,141	186,275
Prepaid expenses	<u>44,777</u>	<u>54,645</u>
TOTAL CURRENT ASSETS	1,057,089	1,310,068
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$105,756 in 2022 and \$88,313 in 2021	<u>1,233,163</u>	<u>249,307</u>
OTHER ASSETS		
Intangible assets, net of accumulated amortization of \$33,661 in 2022 and \$29,078 in 2021	-	4,583
Deposits	<u>80</u>	<u>80</u>
TOTAL OTHER ASSETS	<u>80</u>	<u>4,663</u>
TOTAL ASSETS	<u>\$ 2,290,332</u>	<u>\$ 1,564,038</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of capital lease	\$ 885	\$ 833
Current portion of note payable	27,776	-
Accounts payable	41,297	12,265
Accrued expenses	37,635	68,637
Rent deposits	3,000	-
Prepaid rent	<u>13,818</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	124,411	81,735
LONG TERM LIABILITIES		
Capital lease, less current portion	3,119	426
Note payable, less current portion, net of debt issuance costs	<u>420,606</u>	<u>-</u>
TOTAL LONG TERM LIABILITIES	<u>423,725</u>	<u>426</u>
TOTAL LIABILITIES	<u>548,136</u>	<u>82,161</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,066,282	563,147
Designated	<u>492,773</u>	<u>732,455</u>
Total without donor restrictions	1,559,055	1,295,602
With donor restrictions	<u>183,141</u>	<u>186,275</u>
TOTAL NET ASSETS	<u>1,742,196</u>	<u>1,481,877</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,290,332</u>	<u>\$ 1,564,038</u>

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

211 BREVARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES			
Contributions of cash and other financial assets	\$ 5,427	\$ -	\$ 5,427
Contributions of nonfinancial assets	6,694	-	6,694
Federal grants	527,234	-	527,234
State grants	422,640	-	422,640
Local/other grants and contracts	284,497	-	284,497
United Way allocations and designations	2,521	183,141	185,662
Program income	50,099	-	50,099
Special event	20,700	-	20,700
Special event nonfinancial assets	4,184	-	4,184
Investment earnings	(5,264)	-	(5,264)
Rent revenue	15,737	-	15,737
Other revenue	366	-	366
Gain (loss) on disposition of assets	(650)	-	(650)
Net assets released from restrictions:			
Satisfaction of time restrictions	186,275	(186,275)	-
TOTAL SUPPORT AND REVENUE	<u>1,520,460</u>	<u>(3,134)</u>	<u>1,517,326</u>
EXPENSES			
Program services			
Helpline and prevention	1,088,557	-	1,088,557
Supporting services			
Management and general	152,328	-	152,328
Fundraising	16,122	-	16,122
TOTAL EXPENSES AND LOSSES	<u>1,257,007</u>	<u>-</u>	<u>1,257,007</u>
CHANGE IN NET ASSETS	263,453	(3,134)	260,319
NET ASSETS, BEGINNING OF YEAR	<u>1,295,602</u>	<u>186,275</u>	<u>1,481,877</u>
NET ASSETS, END OF YEAR	<u>\$ 1,559,055</u>	<u>\$ 183,141</u>	<u>\$ 1,742,196</u>

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

211 BREVARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
PUBLIC SUPPORT AND REVENUES			
Contributions of cash and other financial assets	\$ 15,860	\$ -	\$ 15,860
Contributions of nonfinancial assets	3,201	-	3,201
Federal grants	450,251	-	450,251
State grants	159,605	-	159,605
Local/other grants and contracts	316,796	-	316,796
United Way allocations and designations	17,389	186,275	203,664
Program income	73,799	-	73,799
Special event	16,525	-	16,525
Special event nonfinancial assets	5,159	-	5,159
Investment earnings	10,188	-	10,188
Other revenue	135,632	-	135,632
Net assets released from restrictions:			
Satisfaction of time restrictions	175,296	(175,296)	-
TOTAL SUPPORT AND REVENUE	1,379,701	10,979	1,390,680
EXPENSES			
Program services			
Helpline and prevention	972,712	-	972,712
Homelessness prevention initiatives	102,396	-	102,396
Supporting services			
Management and general	123,384	-	123,384
Fundraising	11,659	-	11,659
TOTAL EXPENSES AND LOSSES	1,210,151	-	1,210,151
CHANGE IN NET ASSETS	169,550	10,979	180,529
NET ASSETS, BEGINNING OF YEAR	1,126,052	175,296	1,301,348
NET ASSETS, END OF YEAR	\$ 1,295,602	\$ 186,275	\$ 1,481,877

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

211 BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	<u>Helpline and Prevention</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
EXPENSES					
Communications	\$ 31,849	\$ 3,760	\$ 165	\$ 3,925	\$ 35,774
Conferences and training	2,820	332	15	347	3,167
Contract payments	52,181	5,080	-	5,080	57,261
Dues and fees	-	711	-	711	711
Fundraising expense	-	-	8,790	8,790	8,790
Insurance	16,750	2,534	99	2,633	19,383
Interest and finance charges	-	276	-	276	276
Occupancy	14,802	2,239	88	2,327	17,129
Office supplies and expense	2,748	416	16	432	3,180
Personnel costs	826,840	97,608	4,272	101,880	928,720
Professional fees	3,511	24,849	-	24,849	28,360
Repairs and maintenance	16,831	2,546	100	2,646	19,477
Information technology expense	76,521	5,519	1,427	6,946	83,467
Telephone	18,098	2,735	1,003	3,738	21,836
Travel	4,541	536	23	559	5,100
TOTAL EXPENSES BEFORE DEPRECIATION	1,067,492	149,141	15,998	165,139	1,232,631
Depreciation and amortization	21,065	3,187	124	3,311	24,376
TOTAL FUNCTIONAL EXPENSES	\$ 1,088,557	\$ 152,328	\$ 16,122	\$ 168,450	\$ 1,257,007

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

211 BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Support Services			Total
	Helpline and Prevention	Homeless Management Information System	Total Program Services	Management and General	Fundraising	Total Support Services	
EXPENSES							
Communications	\$ 34,341	\$ 3,122	\$ 37,463	\$ 3,617	\$ 165	\$ 3,782	\$ 41,245
Conferences and training	2,723	248	2,971	287	13	300	3,271
Contract payments	40,683	-	40,683	-	-	-	40,683
Dues and fees	-	-	-	650	-	650	650
Fundraising expense	-	-	-	-	7,402	7,402	7,402
Insurance	9,171	890	10,061	1,402	59	1,461	11,522
Interest and finance charges	1,012	99	1,111	155	6	161	1,272
Occupancy	10,127	982	11,109	1,549	65	1,614	12,723
Office supplies and expense	12,440	1,207	13,647	1,902	80	1,982	15,629
Personnel costs	766,166	69,660	835,826	80,702	3,681	84,383	920,209
Professional fees	5,989	10	5,999	23,207	-	23,207	29,206
Repairs and maintenance	13,172	1,277	14,449	2,014	84	2,098	16,547
Information technology expense	41,144	22,345	63,489	2,522	-	2,522	66,011
Telephone	19,299	966	20,265	2,895	-	2,895	23,160
Travel	696	63	759	74	3	77	836
TOTAL EXPENSES BEFORE DEPRECIATION	956,963	100,869	1,057,832	120,976	11,558	132,534	1,190,366
Depreciation and amortization	15,749	1,527	17,276	2,408	101	2,509	19,785
TOTAL FUNCTIONAL EXPENSES	\$ 972,712	\$ 102,396	\$ 1,075,108	\$ 123,384	\$ 11,659	\$ 135,043	\$ 1,210,151

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

211 BREVARD, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grantors and contractors	\$ 1,206,477	\$ 978,054
Cash received from United Way	188,796	182,082
Cash received for program income	50,099	64,285
Cash received from donors	43,167	38,205
Cash received from investments	692	3,469
Payments for salaries and benefits	(929,537)	(918,849)
Payments to vendors	(292,298)	(265,313)
Payment of interest	(276)	(1,272)
	<u>267,120</u>	<u>80,661</u>
CASH PROVIDED BY (USED IN) OPERATIONS		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(3,268)
Purchase of property and equipment	(970,049)	-
	<u>(970,049)</u>	<u>(3,268)</u>
CASH PROVIDED BY (USED IN) INVESTING		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease	(750)	(630)
Proceeds from note payable	463,640	-
Principal payments on note payable	(5,203)	-
	<u>457,687</u>	<u>(630)</u>
CASH PROVIDED BY (USED IN) FINANCING		
NET CHANGE IN CASH	(245,242)	76,763
CASH, BEGINNING OF YEAR	<u>819,241</u>	<u>742,478</u>
CASH, END OF YEAR	<u>\$ 573,999</u>	<u>\$ 819,241</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of leased office equipment	<u>\$ 4,695</u>	<u>\$ -</u>
Forgiveness of PPP loan	<u>\$ -</u>	<u>\$ 125,494</u>

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

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

211 Brevard, Inc. (Organization) operates the Brevard County, Florida 211 information and referral and crisis intervention contact center. It is supported primarily through allocations from United Way, governmental grants and contributions from individuals, corporations, and foundations.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts, Grants and Contracts Receivable

The Organization has receivables from various funding sources, grants and contracts, and for program revenues. Management reviews receivables for collectability based on historical experience, an assessment of economic conditions, and a review of subsequent collections. The Organization considers accounts receivable at June 30, 2022 and 2021 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Promises to Give

The Organization records promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Organization considers promises to give at June 30, 2022 and 2021 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Equipment and Depreciation

The Organization capitalizes all expenditures for equipment with a value in excess of \$5,000 and a useful life greater than one year. Lesser amounts or purchases with a useful life of less than a year are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gain and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for various operating reserves.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (this is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, 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.

A portion of the Organization's revenue is derived from cost-reimbursement or units-of-service federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or provided services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance in the statement of financial position.

The Organization recognizes revenue from contracts with governmental and other nonprofit organizations. The performance obligations under these contracts consist primarily of providing stand-ready call center services to certain geographic areas or specific constituencies, and revenue is recognized ratably over time as the services are provided.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Two units of the building purchased in December 2021 are rented through December 6, 2022; the Organization recognized rent income on a monthly basis for approximately seven months of the fiscal year ended June 30, 2022. Rent for the two office suites are noncash and were part of the contract for the purchase of the new office building. The rent was valued based on rates for comparable properties in the local area.

Donated Services and Materials

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization also receives donated services from a variety of unpaid volunteers who assist in carrying out its services and fundraising efforts. No amounts have been recognized for these services in the accompanying Statements of Activities because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one of the program or supporting functions; therefore, these expenses are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, repairs and maintenance, and insurance, which are allocated on a square footage basis; as well as salaries and related costs, communications, conferences, and travel, which are allocated on the basis of estimates of time and effort. Certain other costs are specifically identified as benefiting a specific program or supporting function, such as contract payments.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Tax Status

The Organization is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income tax under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). The Organization has been determined not to be a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions. The Organization was subject to unrelated business income tax for rent income from debt-financed property in fiscal year ended June 30, 2022, in the approximate amount of \$500. The Organization was not subject to unrelated business income tax for the fiscal year ended June 30, 2021.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information and Reclassifications

During fiscal year ended June 30, 2021, the Organization carried out the Homeless Management Information System program, which is reflected in the statement of functional expenses for that year. That program was discontinued effective June 30, 2021; therefore, the statement of functional expenses for fiscal year ended June 30, 2022 no longer includes a program service column for that program.

Certain reclassifications of 2021 financial information have been made to conform to the 2022 presentation. Such reclassifications have no effect on change in net assets for that fiscal year.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization’s financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30, 2022 and 2021:

	2022	2021
Financial assets, end of year	\$ 1,012,312	\$ 1,255,396
Less those unavailable for general expenditures within one year due to:		
Board designations	(492,773)	(732,455)
Financial assets available to meet cash needs for general expenditures within one year	\$ 519,539	\$ 522,941

The Organization holds cash in excess of approved budgeted expenses in investments and a money market savings account. The Board has designated a portion of operating surplus to a designated reserve fund, which is further described in Note 12. The balance of the Board designated reserve was \$492,773 and \$732,455 as of June 30, 2022 and 2021, respectively. While not included in available financial assets in the table above, funds in this reserve could be made available for general expenditure by Board action if necessary.

NOTE 3 - OFF BALANCE SHEET CREDIT RISK

The Organization maintains cash in banks in amounts that are from time to time in excess of federally insured limits. The excess subject to this credit risk at June 30, 2022 and 2021, respectively, was approximately \$216,000 and \$294,000.

NOTE 4 - PROMISES TO GIVE

Promises to give totaling \$183,141 and \$186,275 at June 30, 2022 and 2021, respectively, all of which were receivable in less than one year, consist of allocations and designations from United Way-Brevard.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – FAIR VALUE MEASUREMENTS

The Organization reports its investments at fair value on a recurring basis. Recurring fair value measurements are categorized using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

The three-tier hierarchy of inputs is summarized in the following categories:

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, etc.

Level 3: significant unobservable inputs, including management’s assumptions in determining the fair value of investments.

Fair value of investments at June 30, 2022 and 2021, is measured as follows:

2022				
	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 78,039	\$ 78,039	\$ -	\$ -
Total investments at fair value	\$ 78,039	\$ 78,039	\$ -	\$ -

2021				
	Totals	Level 1	Level 2	Level 3
Mutual funds	\$ 83,995	\$ 83,995	\$ -	\$ -
Total investments at fair value	\$ 83,995	\$ 83,995	\$ -	\$ -

Amounts shown as invested in mutual funds are in a single fund, which constitutes a concentration of risk.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 - PROPERTY AND EQUIPMENT

At June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Building	\$ 597,664	\$ 281,761
Equipment	52,859	52,859
Leased equipment	4,695	3,000
Construction in progress	683,701	-
Total cost	1,338,919	337,620
Less: accumulated depreciation	(105,756)	(88,313)
Total	<u>\$ 1,233,163</u>	<u>\$ 249,307</u>

A building in Rockledge, Florida comprising six office units was purchased by the Organization in December 2021. Two of the units are leased to outside parties; the remainder of the building is being built out for future use by the Organization and is included above as construction in progress. Interest expense of \$7,831 has been capitalized in the asset's cost through June 30, 2022.

NOTE 7 – INTANGIBLE ASSETS

At June 30, 2022 and 2021, intangible assets consisted of the following:

	<u>2022</u>	<u>2021</u>
Software	\$ 33,661	\$ 33,661
Less: accumulated amortization	(33,661)	(29,078)
Net unamortized value	<u>\$ -</u>	<u>\$ 4,583</u>

The intangible assets above are being amortized over useful lives of three to five years, using the straight-line method. Amortization of these assets is included in depreciation and amortization expense.

NOTE 8 – NOTE PAYABLE

The Organization has a mortgage note payable to a financial institution with a balance of \$458,437 at June 30, 2022, secured by real property and the leases on that property. The principal amount of the note is \$900,000; additional amounts may be advanced on the note as the buildout of the new office space progresses. The note requires monthly interest payments of \$2,625, with principal and interest payments of \$4,623 beginning in January 2023. The note bears interest at the rate of 3.50 percent annually. The interest rate adjusts in December 2031, December 2036, and December 2041 to the U.S. Treasury Securities 5 Year Rate rate plus 3.25 percent, with a floor of 3.50 percent. With 90 days prior written notice, the lender may call for full payment of principal and interest of the note on any of the call dates.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – NOTE PAYABLE (CONTINUED)

Future maturities of principal for the mortgage note, net of amortized debt issuance costs, are as follows:

Year ended June 30,	2023	\$	27,776
	2024		41,054
	2025		42,514
	2026		44,026
	2027		45,592
	thereafter		<u>257,475</u>
			458,437
	Less: debt issuance costs, net		<u>(10,055)</u>
	Total	\$	<u><u>448,382</u></u>

NOTE 9 – CAPITAL LEASE

The Organization is the lessee of office equipment under a capital lease expiring in December 2026. The asset and liability under the capital lease are recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset.

Minimum future lease payments under the capital lease as of June 30, 2022 are:

Year ending June 30, 2023	\$	913
		913
		913
		913
		<u>457</u>
		4,109
	Less amount representing interest	<u>(105)</u>
Total	\$	<u><u>4,004</u></u>

NOTE 10 – CONCENTRATION OF CREDIT RISK

There are concentrations of credit risk with respect to pledges and grants receivable at June 30, 2022 and 2021 because significant percentages of receivables relative to total receivables are from the following sources: United Way-Brevard promise to give, 51% and 53%, respectively; and three nonprofit organizations representing 12%, 10% and 8% in 2022 and 7%, 6%, and 12% in 2021, respectively.

Concentrations of risk exist in the volume of support and revenues the Organization received from these sources during fiscal years ending June 30, 2022 and 2021: United Way-Brevard, 12% and 15%, respectively; and funding from two nonprofit organizations represented 45% and 8% in fiscal 2022 and 16% and 10% in fiscal 2021.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 – DONOR RESTRICTIONS OF NET ASSETS

Net assets restricted by donors totaled \$183,141 at June 30, 2022 and \$186,275 at June 30, 2021, consisting of allocations and designations from United Way for the following fiscal year.

NOTE 12 – BOARD DESIGNATIONS OF NET ASSETS

The Board of Directors has adopted a Board Designated Reserve Policy. The policy states that when there is a surplus of revenues over expenses for a fiscal year, that surplus will be reserved to support objectives including sustaining operations, preventing cash flow crises, allowing capacity building and expansion of operations during disaster response operations, and providing for acquisition and replacement of capital equipment needs. During fiscal 2021, the Board further defined the designations as providing for capital needs up to \$500,000, and operating reserves up to \$300,000, to the extent available; the capital designation was used on December 6, 2021 for the purchase of a new building.

Activity in Board designated reserves during fiscal years ended June 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 732,455	\$ 551,926
Additions	260,318	180,529
Withdrawals	<u>(500,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 492,773</u>	<u>\$ 732,455</u>

NOTE 13 – REVENUE

The Organization recognizes revenue from contracts for call center services and rent revenue. The revenue for both call center contracts and rent are recognized monthly on a straight-line basis. The leases extend to early December 2022 and future rents of \$13,818 are expected to be earned within the following fiscal year.

The timing of revenue recognition, billings, and cash collections resulted in billed accounts receivable of \$6,467 and \$16,799 on the statements of financial position at June 30, 2022 and 2021, respectively. Prepaid rent of \$13,818 is reflected in current liabilities at June 30, 2022. There were no contract assets at June 30, 2022 or 2021, and no contract liability at June 30, 2021 related to revenues from these contracts.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 – REVENUE (CONTINUED)

Revenue is disaggregated by major lines as follows:

	<u>2022</u>	<u>2021</u>
Contracts	\$ 85,199	\$ 90,659
Rent revenue	<u>15,737</u>	<u>-</u>
Total revenue	<u>\$ 100,936</u>	<u>\$ 90,659</u>

NOTE 14 – RETIREMENT PLAN

An employee of the Organization who is at least age 21 and who has earned a certain level of compensation in a prior calendar year with the Organization is eligible to participate in the SIMPLE IRA retirement plan of the Organization. Participants may generally elect to defer up to \$14,000 of their compensation annually under the plan, and the Organization will match the deferral up to three percent of the employee's compensation. Matching contributions for the fiscal years ended June 30, 2022 and 2021 were \$13,437 and \$12,402, respectively, included in personnel costs on the statements of functional expenses.

NOTE 15 – CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 4,184	\$ 7,959
IT services	6,694	-
Supplies	-	401
Total	<u>\$10,878</u>	<u>\$ 8,360</u>

The Organization recognized contributed nonfinancial assets within revenue. All of the above items were utilized; none were monetized. No contributed nonfinancial assets had donor-imposed restrictions.

In both fiscal 2022 and 2021, \$4,184 and \$5,159 in advertising, respectively, was utilized in fundraising. In fiscal 2021, an additional \$2,800 in advertising was utilized in program services. Contributed advertising was valued at the estimated fair value based on stated rates offered to the public for similar services.

211 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 15 – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

In fiscal 2022, contributed information technology services of \$6,694 were utilized in both program and management and general activities, on an allocated basis. These services were valued at the estimated fair value based on current rates from the vendor for similar services.

In fiscal 2021, \$401 in supplies related to health and sanitation were received and utilized in both program and management and general activities, on an allocated basis. These services were valued at the estimated fair value based on wholesale prices in the local area for similar items.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

During fiscal 2022, the Organization entered into various contracts for design, demolition and construction related to the buildout of new office space totaling approximately \$40,000. At June 30, 2022, \$3,000 of that work had not yet been performed and invoiced. Subsequent to June 30, 2022, the Organization entered into contracts for construction, cabling and networking totaling \$395,647.

Certain contracts and grants received by the Organization are subject to review by grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of the executed agreements. As a result of these reviews, the Organization may be required to repay a portion of contract or grant funds received. However, no liability for any such disallowance has been recorded, as management does not believe any liability related to its contracts and grants would be material.

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 2, 2022, the date the financial statements were available to be issued. Certain commitments entered into subsequent to year end related to construction in progress are discussed in Note 16.

SUPPLEMENTARY INFORMATION

**211 BREVARD, INC.
SCHEDULE OF STATE EARNINGS
YEAR ENDED JUNE 30, 2022**

SAMH funding

Total expenditures	\$ 1,257,007
Less other state and federal funds	(150,375)
Less non-match SAMH funds	(171,839)
Less unallowable costs per 65E-14, F.A.C.	<u>(148,296)</u>
Total allowable expenditures	<u>786,497</u>
Maximum Available Earnings	<u>262,139</u>
Amount of State Funds Requiring Match	<u>460,993</u>
Amount due to CFCHS	<u><u>\$ -</u></u>

NOTE 1: Additional government funding of \$29,058 was received related to Adult or Children's Mental Health during the fiscal year ended June 30, 2022.

NOTE 2: There were no related party transactions related to the state funding above during the fiscal year ended June 30, 2022.

NOTE 3: Matching funds requirement noted above was satisfied.

