Pine Castle, Inc.

FINANCIAL STATEMENTS

September 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pine Castle, Inc.

Opinion

We have audited the accompanying financial statements of Pine Castle, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year 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 Pine Castle, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year 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 Pine Castle, 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, 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 Pine Castle, 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 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 Pine Castle, 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 Pine Castle, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida
July 12, 2023

Pine Castle, Inc.
Statement of Financial Position

September 30,		2022
Assets		
Current assets		
Cash and cash equivalents	$	1,387,430
Accounts receivable		
Program fees and Workshop		267,167
Medicaid		412,383
Promises to give, net		256,938
Inventories		150,970
Prepaid expenses and other assets		29,155
Total current assets		2,504,043
Non-current assets		
Promises to give, net		474,306
Investments		1,738,829
Investments held by others		206,588
Property and equipment, net		4,475,486
Total non-current assets		6,895,209
Total assets	$	9,399,252
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	185,364
Accrued expenses		432,947
Note payable		898,098
Total liabilities		1,516,409
Net assets		
Without donor restrictions		6,002,751
With donor restrictions		1,880,092
Total net assets		7,882,843
Total liabilities and net assets	$	9,399,252

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

Pine Castle, Inc.
Statement of Activities

For the year ended September 30,	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Governmental support			
State of Florida - Medicaid	$ 2,602,602	$ -	$ 2,602,602
State of Florida - contracts	1,221,432	-	1,221,432
Total governmental support	3,824,034	-	3,824,034
Public support			
United Way	57,468	-	57,468
Contributions	343,579	1,007,606	1,351,185
Fundraising	314,218	-	314,218
Contributions of nonfinancial assets	55,147	-	55,147
Total public support	770,412	1,007,606	1,778,018
Other revenue			
Workshop income	1,124,672	-	1,124,672
Program fees	467,523	-	467,523
Investment income (loss), net	(382,508)	-	(382,508)
Miscellaneous income	42,874	-	42,874
Total other revenue	1,252,561	-	1,252,561
Net assets released from restrictions	550,109	(550,109)	-
Total revenue and other support	6,397,116	457,497	6,854,613
Expenses			
Program Services			
Adult day training	3,172,888	-	3,172,888
Group homes	1,739,520	-	1,739,520
Independent living	84,675	-	84,675
Supported employment	86,663	-	86,663
Total program services	5,083,746	-	5,083,746
Supporting services			
Management and general	890,751	-	890,751
Development and fundraising	461,735	-	461,735
Total supporting services	1,352,486	-	1,352,486
Total expenses	6,436,232	-	6,436,232
Change in net assets	(39,116)	457,497	418,381
Net assets at beginning of year	6,041,867	1,422,595	7,464,462
Net assets at end of year	$ 6,002,751	$ 1,880,092	$ 7,882,843

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

Pine Castle, Inc.
Statement of Functional Expenses

For the year ended September 30, 2022

	Program Services					Supporting Services		
	Adult Day Training	Group Homes	Independent Living	Supported Employment	Total Program Services	Management and General	Development & Fund Raising	Total
Salaries and related expenses								
Compensation	$ 1,474,416	$ 1,161,076	$ 63,233	$ 67,657	$ 2,766,382	$ 538,070	$ 294,380	$ 3,598,832
Payroll taxes and employee benefits	285,277	217,478	14,268	11,463	528,486	97,062	15,920	641,468
Total salries and related expenses	1,759,693	1,378,554	77,501	79,120	3,294,868	635,132	310,300	4,240,300
Supplies and program materials	610,103	25,436	120	228	635,887	8,851	1,356	646,094
Client support costs	21,148	56,942	-	-	78,090	100	-	78,190
Printing supplies and forms	2,219	41	1	2	2,263	5,301	4,179	11,743
Special events	-	-	-	-		-	21,392	
Vehicles costs and maintenance	7,820	18,540	-	-	26,360	73	-	26,433
Maintenance	118,394	19,693	1,495	2,067	141,649	51,234	6,058	198,941
Building and occupancy	26,688	23,614	344	174	50,820	9,593	242	60,655
Janitorial	22,422	-	-	-	22,422	35	-	22,457
Professional and consulting fees	113,387	3,164	1,912	368	118,831	97,264	67,762	283,857
Staff training and travel	6,607	2,133	3	2,076	10,819	4,603	7,141	22,563
Food	14,829	59,333	-	9	74,171	2,269	561	77,001
Telephone	8,030	2,816	6	327	11,179	4,552	366	16,097
Utilities	103,113	65,662	325	687	169,787	5,439	900	176,126
Insurance	54,334	31,153	1,180	840	87,507	12,361	766	100,634
Dues and memberships	913	-	-	152	1,065	20,541	2,427	24,033
Postage, shipping and freight	59,013	26	-	-	59,039	3,545	351	62,935
Interest expense	32,538	-	-	-	32,538	1,432	-	33,970
In-kind donations	38,993	7,180	-	-	46,173	100	8,874	55,147
Other expenses	1,621	1,222	6	-	2,849	2,652	8,081	13,582
Total expenses before depreciation and provision for uncollectible promises to give	3,001,865	1,695,509	82,893	86,050	4,866,317	865,077	440,756	6,172,150
Depreciation Expense	171,023	44,011	1,782	613	217,429	25,674	386	243,489
Subtotal	3,172,888	1,739,520	84,675	86,663	5,083,746	890,751	441,142	6,415,639
Provision for uncollectible promises to give	-	-	-	-	-	-	20,593	20,593
Total Expenses	$ 3,172,888	$ 1,739,520	$ 84,675	$ 86,663	$ 5,083,746	$ 890,751	$ 461,735	$ 6,436,232

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

For the year ended September 30,	2022
Operating Activities	
Change in net assets	$ 418,381
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	243,489
Provision for uncollectible promises to give	20,593
Net realized and unrealized loss on investments	362,961
Changes in operating assets and liabilities	
Promises to give	(122,704)
Accounts receivable	(40,093)
Inventories	(93,300)
Prepaid expenses and other assets	(3,741)
Accounts payable	68,593
Accrued expenses	56,152
Net cash provided by (used in) operating activities	910,331
Investing Activities	
Purchase of property and equipment	(386,123)
Net cash provided by (used in) investing activities	(386,123)
Financing Activities	
Payments on note payable	(131,368)
Net cash provided by (used in) financing activities	(131,368)
Net change in cash and cash equivalents	392,840
Cash and cash equivalents at beginning of year	994,590
Cash and cash equivalents at end of year	$ 1,387,430
Schedule of Certain Cash Flow Information	
Cash paid for interest	33,970

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

Note 1: DESCRIPTION OF THE ORGANIZATION

Pine Castle, Inc., (the "Organization"), is a not-for-profit corporation located in Jacksonville, Florida and has served the needs of people with disabilities since 1952. Pine Castle Inc.'s mission is to promote the general welfare of intellectually and developmentally disabled adults and to provide employment, housing, job skills training, social programs, life skills training and athletics for persons with intellectual disabilities. The Organization's support comes primarily from the State of Florida, sales of items and services from its workshops, and contributions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Program Services

The Organization's program services consist of the following:

Adult Day Training – The Organization provides a wide range of opportunities for adults with intellectual and developmental differences. The Adult Day Training Program assists participants in achieving their greatest levels of independence through services like Vocational, Academic and Life Skills Training while also offering opportunities for various types of physical and social activities designed to foster creative self-expression.

Group Homes – The Organization provides five community group homes that provide 24-hour support for 36 residents, as well as skills training and community inclusion opportunities. Residents learn self-care and homemaking skills such as cooking, laundry, housekeeping, grooming, and decision making.

Independent Living – The Organization provides private residence and personal supports to assist two independent residents with increasing and enhancing their independent living skills.

Supported Employment – The Organization provides support finding jobs in the community for individuals with differences. The program assists with job development and placement, job sourcing and matching, on-the-job support and coaching, advice and support to employers, follow-up support, and mentoring to both employers and employees for job retention.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivables

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of others to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Inventory

Inventories are stated at the lower of cost or net realizable value, with the cost determined by using the first-in, first-out (FIFO) basis. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs. Major classes of inventory include materials for assembly and finished goods in the woodshop, mop shop, drug and alcohol testing devices, and luminary products.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments Held by Others

The financial statements are presented in accordance with FASB ASC 958-605, Transfers of Assets to a Not-

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments Held by Others (Continued)

For-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. This requires that endowment funds transferred to a community foundation by a not-for-profit organization, where the organization will be the beneficiary of that fund, referred to as agency endowments, be accounted for by the community foundation as a liability. The not-for-profit organization presents the endowment as an asset.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions 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. The governing board has designated, from net assets without donor restrictions, net assets for a variety of purposes.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets without donor restrictions.

Revenue Recognition

A significant portion of the Organization’s contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Revenue from program service fees and workshop income are recognized as revenue at the time services are rendered or products are transferred to the purchaser. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to depreciation, insurance, building and occupancy, and utilities are allocated on an estimated square footage basis. Salaries and wages, payroll taxes and employee benefits are allocated on the basis of actual time and effort.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended September 30, 2022 advertising costs totaled $1,161 .

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from Federal and State taxes on income other than unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2022 the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 12, 2023. See Note 18 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This change in accounting principle did not have a material impact on the financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets in cash and cash equivalents, accounts receivable, and investments to provide liquidity to ensure funds are available as the Organization’s expenditures come due. The following reflects the Organization’s financial assets as of the statement of financial positon date, reduced by amounts not available for general use within one year of the statement of financial positon date because of contractual or donor-imposed restrictions.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

September 30,		2022
Total assets at year end	$	9,399,252
Less non-financial assets		
Prepaid expenses and other assets		(29,155)
Property and equipment, net		(4,475,486)
Financial assets at year-end		4,894,611
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions		(1,880,092)
Financial assets available to meet cash needs for general expenditures within one year	$	3,014,519

The Organization is principally supported by the governmental support and contributions. In the event of unanticipated liquidity needs, the Organization has two lines of credit with available borrowings of $299,000.

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Accounts receivable consist of the following:

September 30,		2022
Contract Services	$	267,167
Medicaid		412,383
Accounts receivable	$	679,550

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE (Continued)

Promise to give consist of the following:

September 30,		2022
Receivable within one year	$	256,938
Receivable in one to five years		538,081
Total promises to give		795,019
Less allowance for doubtful accounts		(16,301)
Discounted at 5%		(47,474)
Promises to give, net	$	731,244

Bad debt expense totaled $20,593 for the year ended September 30, 2022.

Note 5: INVENTORY

Inventory consists of the following:

September 30,		2022
Drug and alcohol testing devices	$	48,464
Luminary products		43,940
Woodshop		33,491
Mop shop		25,075
Total inventory	$	150,970

Note 6: INVESTMENTS

The Organization has investments consisting of the following:

September 30, 2022		Cost		Market Value
Fixed Income	$	644,594	$	585,897
Equities		809,188		1,108,917
Real estate fund		48,963		44,014
Investments held by others		206,588		206,588
Total investments	$	1,709,333	$	1,945,416

Note 6: INVESTMENTS (Continued)

Investment fees for the year ended September 30, 2022 totaled $29,799 and are reported in investment income on the Statement of Activities.

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

September 30,	Useful Lives	2022
Buildings and improvements	5 - 39 years	$ 7,319,847
Furniture and equipment	5 - 10 years	857,229
Vehicles	5 years	291,037
Total depreciable property and equipment		8,468,113
Less accumulated depreciation		(4,288,524)
Total depreciable property and equipment, net		4,179,589
Land		295,897
Total property and equipment, net		$ 4,475,486

Depreciation expense for the year ended September 30, 2022 totaled $243,489.

Note 8: LONG-TERM DEBT

The Organization has a $2,130,389 note payable with a financial institution including interest of 3.30% per annum, with monthly installments of principle and interest of $13,659, maturing in October 2023. As of September 30, 2022 the note payable balance was $898,098. The loan was paid in full on February 24, 2023 and has been presented with current liabilities on the statement of net position as of September 30, 2022. Interest expense totaled $32,538 for the year ended September 30, 2022. The Organization's bank loan agreement includes financial covenants and as of September 30, 2022, the Organization has met these loan covenants.

Note 9: LINE OF CREDIT

The Organization has available a $200,000 secured revolving line of credit from a financial institution. The loan is secured by a blanket lien on assets, and the agreement expires on August 27, 2024. The advances under the line of credit accrue interest per annum at the bank's prime rate. There was no outstanding balance as of September 30, 2022.

Note 9: LINE OF CREDIT (Continued)

The Organization has available a $99,000 secured revolving line of credit from a financial institution. The loan is secured by a blanket lien on assets, and the agreement expired on May 5, 2023 and was not renewed. The advances under the line of credit accrue interest per annum at the bank's prime rate. There was no outstanding balance as of September 30, 2022.

Note 10: NET ASSETS

The Board of Directors of Pine Castle, Inc. has designated $1,131,520 from an investment account as a cash reserve held for long-term purposes. In addition, a portion of the Endowment Funds that have not been restricted by the donor have been designated by the Board of Directors and totals $58,181 at September 30, 2022. Both amounts have been included in net assets without donor restrictions at September 30, 2022.

A summary of net assets with donor restrictions follows:

September 30,	2022
Purpose restricted	
Debt reduction	$ 519,675
Tuition assistance	75,367
Capital improvements	236,119
Nursing program	96,164
Other minor projects	100,024
Endowment funds	852,743
Total net assets with donor restrictions	$ 1,880,092

A summary of the release of donor restrictions consists of the following:

For the year ended September 30,	2022
Purpose restrictions	
Tuition assistance	$ 42,514
Capital improvements	346,618
Nursing program	59,840
Other minor projects	54,531
Endowment funds	46,606
Total net assets released from donor restrictions	$ 550,109

Note 11: REVENUE

The Organization is recognizing revenue at a point in time for program service fees and workshop sales. As of September 30, 2022 there were no outstanding performance obligations to be satisfied.

Disaggregated Revenue

Approximately 23% of the revenue earned was at a point in time consisting of program services and workshop sales. The remaining 77% was from non-exchange transactions through public support and governmental support.

Contract Balances

September 30,		2022
Receivable from program fees and workshop, beginning of year	$	302,981
Receivable from program fees and workshop, end of year	$	267,167

The Organization's customers are primarily the general public located in the northeastern Florida portion of the United States and governmental agencies.

Note 12: CONTRIBUTIONS IN-KIND

All donated goods were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions associated with the contributed goods.

The components of donated goods contributed to the Organization consists of the following for the year ended September 30, 2022:

For the year ended September 30, 2022		Donated Goods
Program services		
Adult day training	$	36,353
Group homes		7,180
Supporting services		
Management and general		2,740
Development and fundraising		8,874
Total contributed goods	$	55,147

Note 13: ENDOWMENTS

The Organization has endowment funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Albert and Viola Kissling Endowment Fund, the Borowy Family Endowment Fund, the Pine Castle Endowment Fund, and the Ralph and Elizabeth Mundell Endowment Fund were created at the Community Foundation for Northeast Florida (Foundation) to ensure the perpetuation of residential services to developmentally disabled clients of the organization and to support general operations. The Foundation maintains variance power and legal ownership of these endowment funds, and accounts for the funds as agency endowments, recording a corresponding liability for the fair value of the funds. The Organization includes the endowment fund as restricted assets. Net income from the endowment funds is paid and distributed to the Organization as determined by the Foundation and the Organization. Net income may be accumulated, reinvested, and subsequently paid to the Organization for the endowment fund purposes upon request of the Board of Directors of Pine Castle, Inc. The endowment funds totaled $206,588 as of September 30, 2022.

During the fiscal year ending September 30, 2009, the Organization received funds as a remainder beneficiary to establish a second Ralph Paul Mundell and Elizabeth Marie Mundell Endowment Fund, the corpus of which is to remain intact and the income of which shall be used to support the charitable activities of Pine Castle, Inc. The endowment funds totaled $704,336 as of September 30, 2022 of which $646,155 is the permanent endowment. The difference between the total value and the restricted amount is $58,181 and is included in net assets without donor restrictions at September 30, 2022.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State of Florida's Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Note 13: ENDOWMENTS (Continued)

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. The Organization expects its endowment assets, over time, to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of account assets while controlling risk and to emphasize long-term growth of principal while avoiding excessive risk. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2022, the Organization’s endowments were not underwater.

Endowment net asset composition by type of fund follows:

September 30,		2022
Endowment funds with donor restrictions	$	852,743
Board-designated endowment funds without donor restrictions		58,181
Total endowment funds	$	910,924

Changes in endowment net assets follow:

September 30,		Without Donor Restrictions		With Donor Restrictions		2022 Total Endowment Net Assets
Endowment net assets - October 1,	$	189,938	$	899,349	$	1,089,287
Investment income (loss)		(131,757)		-		(131,757)
Net assets released from restrictions		-		(46,606)		(46,606)
Endowment net assets - September 30,	$	58,181	$	852,743	$	910,924

Note 14: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Note 14: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis, consist of the following:

September 30, 2022	Level 1	Level 2	Level 3	Total
Fixed Income	$ 585,897	$ -	$ -	$ 585,897
Equities	1,108,917	-	-	1,108,917
Real asset fund	44,014	-	-	44,014
Investment held by others	-	206,588	-	206,588
Total investments at fair value	$ 1,738,828	$ 206,588	$ -	$ 1,945,416

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended September 30, 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 15: CONCENTRATIONS

The Organization maintains its cash balances with financial institutions. Accounts at these institutions currently are insured by the FDIC up to $250,000. At times, such balances may be in excess of FDIC insurance limits. Cash in excess of insured limits at September 30, 2022 totaled $1,143,277.

For the year ended September 30, 2022, 38% of revenue was derived from one governmental source.

Note 16: RETIREMENT PLAN

The Organization sponsors a 403(b) defined contribution retirement plan covering substantially all of its employees. Under the plan, employees may contribute an amount not to exceed the limit imposed by the Internal Revenue Service. The Organization contributed elective contributions of 3% of each eligible employee’s compensation to the plan for fiscal year ended September 30, 2022. The Organization’s contribution under this plan totaled $65,299 for the year ended September 30, 2022.

Note 17: WORKSHOP SALES

The Organization operates a workshop that sells wood stakes, mops, drug and alcohol testing devices, and luminary products.

Note 17: WORKSHOP SALES (Continued)

Income and expenses for the Workshop were as follows for the year ended September 30, 2022:

For the year ended September 30,		2022
Sales	$	1,124,672
Cost of sales		582,049
Gross profit	$	542,623

The Organization recognizes revenue from workshop sales upon the purchase of products by customers, net sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Cost of sales of consists merchandise costs, including raw materials, labor, production supplies, and shipping costs.

Note 18: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2022 through July 12, 2023, the date the Organization's financial statements were available to be issued. The following item occurred:

On February 24, 2023, the Organization paid the remaining balance of the Life Enrichment Center note payable. Total payment was in the amount of $898,098.