



Pine Castle, Inc.

FINANCIAL STATEMENTS

September 30, 2023



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INDEPENDENT AUDITOR'S 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, 2023 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, 2023, 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 Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Source and Expenditures of City Grant Funds is presented for purposes of additional analysis and is 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 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Jacksonville, Florida
January 26, 2024

Pine Castle, Inc.
Statement of Financial Position

September 30,

2023

Assets

Current assets

Cash and cash equivalents	\$	321,317
Accounts receivable		
Program fees and Workshop		331,176
Medicaid		389,924
Grants		45,116
Employee retention tax credit		540,231
Promises to give, net		290,817
Inventories, net		71,639
Prepaid expenses and other assets		33,467

Total current assets 2,023,687

Non-current assets

Promises to give, net		332,128
Investments		1,878,416
Investments held by others		177,573
Property and equipment, net		4,576,551

Total non-current assets 6,964,668

Total assets **\$ 8,988,355**

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	321,781
Accrued expenses		504,163
Line of credit payable		200,000

Total liabilities 1,025,944

Net assets

Without donor restrictions		6,853,175
With donor restrictions		1,109,236

Total net assets 7,962,411

Total liabilities and net assets **\$ 8,988,355**

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

Pine Castle, Inc.
Statement of Activities

<i>For the year ended September 30,</i>	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Governmental support			
State of Florida - Medicaid	\$ 3,273,704	\$ -	\$ 3,273,704
State of Florida - contracts	48,805	-	48,805
Employee retention tax credit	1,020,079	-	1,020,079
Grants	157,126	-	157,126
Total governmental support	4,499,714	-	4,499,714
Public support			
United Way	7,196	-	7,196
Contributions	607,440	190,815	798,255
Fundraising	219,279	-	219,279
Contributions of nonfinancial assets	122,365	-	122,365
Total public support	956,280	190,815	1,147,095
Other revenue			
Workshop income	1,421,392	-	1,421,392
Program fees	545,313	-	545,313
Investment income, net	179,408	30,893	210,301
Miscellaneous income	43,294	-	43,294
Total other revenue	2,189,407	30,893	2,220,300
Net assets released from restrictions	992,564	(992,564)	-
Total revenue and other support	8,637,965	(770,856)	7,867,109
Expenses			
<i>Program Services</i>			
Life enrichment pathway	1,863,798	-	1,863,798
Employment pathway	1,761,365	-	1,761,365
Group homes	1,978,277	-	1,978,277
Independent living	83,061	-	83,061
Supported employment	138,557	-	138,557
Campus crew	463,086	-	463,086
Total program services	6,288,144	-	6,288,144
<i>Supporting services</i>			
Management and general	956,495	-	956,495
Development and fundraising	542,902	-	542,902
Total supporting services	1,499,397	-	1,499,397
Total expenses	7,787,541	-	7,787,541
Change in net assets	850,424	(770,856)	79,568
Net assets at beginning of year	6,002,751	1,880,092	7,882,843
Net assets at end of year	\$ 6,853,175	\$ 1,109,236	\$ 7,962,411

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

Pine Castle, Inc.
Statement of Functional Expenses

For the year ended September 30,

2023

	Program Services						Supporting Services			Total
	Life Enrichment Pathway	Employment Pathway	Group Homes	Independent Living	Supported Employment	Campus Crews	Total Program Services	Management and General	Development and Fund Raising	
Salaries and related expenses										
Compensation	\$ 1,055,401	\$ 528,214	\$ 1,364,231	\$ 62,039	\$ 101,754	\$ 273,267	\$ 3,384,906	\$ 627,737	\$ 347,367	\$ 4,360,010
Payroll taxes and employee benefits	252,189	109,040	272,888	13,759	26,263	35,077	709,216	112,477	55,124	876,817
Total salaries and related expenses	1,307,590	637,254	1,637,119	75,798	128,017	308,344	4,094,122	740,214	402,491	5,236,827
Supplies and program materials	30,526	930,669	21,527	340	335	7,222	990,619	8,557	889	1,000,065
Client support costs	40,774	10	64,370	2,504	-	39	107,697	-	-	107,697
Printing supplies and forms	2,329	2,512	-	-	134	61	5,036	1,310	644	6,990
Special events	-	-	-	-	-	-	-	-	17,599	17,599
Vehicles costs and maintenance	4,097	2,146	16,143	3	-	1,651	24,040	120	10	24,170
Maintenance	41,479	16,527	30,900	2,244	1,701	12,261	105,112	42,674	8,479	156,265
Building and occupancy	23,247	5,144	19,197	317	104	7,507	55,516	6,315	420	62,251
Janitorial	4,984	20	-	-	-	13,682	18,686	-	-	18,686
Professional and consulting fees	67,489	6,162	4,875	124	219	7,349	86,218	43,542	61,489	191,249
Staff training and travel	6,184	3,760	4,706	11	4,143	36	18,840	5,810	6,900	31,550
Food	10,469	2,369	55,774	-	-	49,035	117,647	1,563	1,103	120,313
Telephone	472	5,692	2,608	-	130	-	8,902	5,963	407	15,272
Utilities	58,859	36,151	40,124	-	662	10,639	146,435	7,703	1,291	155,429
Insurance	40,693	19,507	33,861	1,321	940	-	96,322	13,860	857	111,039
Dues and memberships	1,027	29	184	7	1,822	185	3,254	21,438	3,358	28,050
Postage, shipping and freight	-	28,256	-	-	-	-	28,256	2,858	148	31,262
Interest expense	18,088	-	-	-	-	-	18,088	8,740	-	26,828
In-kind donations	16,602	33,575	2,032	-	-	43,692	95,901	16,632	9,832	122,365
Other expenses	-	695	483	2	-	-	1,180	12,711	23,140	37,031
Total expenses before depreciation and provision for uncollectible promises to give	1,674,909	1,730,478	1,933,903	82,671	138,207	461,703	6,021,871	940,010	539,057	7,500,938
Depreciation Expense	143,451	30,887	44,374	390	350	1,383	220,835	16,485	141	237,461
Subtotal	1,818,360	1,761,365	1,978,277	83,061	138,557	463,086	6,242,706	956,495	539,198	7,738,399
Provision for uncollectible promises to give	45,438	-	-	-	-	-	45,438	-	3,704	49,142
Total Expenses	\$ 1,863,798	\$ 1,761,365	\$ 1,978,277	\$ 83,061	\$ 138,557	\$ 463,086	\$ 6,288,144	\$ 956,495	\$ 542,902	\$ 7,787,541

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

Pine Castle, Inc.
Statement of Cash Flows

For the year ended September 30,

2023

Operating Activities

Change in net assets	\$	79,568
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		237,461
Provision for uncollectible promises to give and receivables		49,142
Net realized and unrealized gain on investments		(110,572)
Changes in operating assets and liabilities		
Promises to give		59,157
Accounts receivable		(41,550)
Inventories		79,331
Prepaid expenses and other assets		(4,312)
Accounts payable		136,417
Accrued expenses		71,216

Net cash provided by (used in) operating activities		555,858
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Investing Activities

Purchase of property and equipment		(338,526)
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Net cash provided by (used in) investing activities		(338,526)
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Financing Activities

Proceeds from line of credit		200,000
Payments on note payable		(898,098)

Net cash provided by (used in) financing activities		(698,098)
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Net change in cash and cash equivalents		(480,766)
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Cash and cash equivalents at beginning of year		1,387,430
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Cash and cash equivalents at end of year	\$	906,664
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Schedule of Certain Cash Flow Information

Cash paid for interest	\$	26,828
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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, government grants, sales of items and services from its workshops, and contributions.

The Organization’s program services consist of the following:

The Pine Castle Academy – The Organization provides a college-like experience for participants. Each participant has an individualized daily schedule that includes time for skill-building with the award winning Pathways Curriculum, and their choice of diverse extra-curricular activities, mental health services and field trips. Upon entry to Pine Castle Academy, each participant chooses from the following two programs:

Life Enrichment Pathway – This pathway includes our expanding seniors program, and is tailored to participants who prefer to focus on the skill-building curriculum, extra-curricular activities, mental health services and field trips or, simply choose not to work.

Employment Pathway – This pathway offers all the activities provided to Life Enrichment participants, with the addition of the opportunity to earn at least a minimum wage while working on job training skills and contracts, including manufacturing assembly, the wood shop, and trade crew training.

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 in 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.

Campus Crews – The Organization provides paid training programs, with the crews working in the areas of custodial, culinary services and facilities maintenance. The groups have a supervisor and a participant crew who could train for up to three years to prepare for similar work in the community.

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).

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Receivable

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, drug and alcohol testing devices, and luminary products.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-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.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 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-

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 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, January 26, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization has adopted the standard effective October 1, 2022. There was no impact to the financial statements for the year ended September 30, 2023.

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 position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>September 30,</i>	2023
Total assets at year end	\$ 8,988,355
Less non-financial assets	
Prepaid expenses and other assets	(33,467)
Property and equipment, net	(4,576,551)
Financial assets at year-end	4,378,337
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	(1,109,236)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,269,101

Pine Castle, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

The Organization is principally supported by its governmental support and contributions. In the event of unanticipated liquidity needs, the Organization has a line of credit with a credit limit of \$200,000.

Note 4: ACCOUNTS RECEIVABLE AND PROMISES TO GIVE

Accounts receivable consist of the following:

<i>September 30,</i>	2023
Contract services	\$ 331,176
Medicaid	389,924
Grants	45,116
Employee retention tax credit	540,231
Accounts receivable	\$ 766,216

Promise to give consist of the following:

<i>September 30,</i>	2023
Receivable within one year	\$ 290,817
Receivable in one to five years	387,371
Total promises to give	678,188
Less allowance for doubtful accounts	(25,479)
Discounted at 5%	(29,764)
Promises to give, net	\$ 622,945

Bad debt expense totaled \$49,142 for the year ended September 30, 2023.

Note 5: INVENTORY

Inventory consists of the following:

<i>September 30,</i>	2023
Drug and alcohol testing devices	\$ 29,784
Luminary products	23,774
Woodshop	26,743
Total inventories	80,301
Less allowance for obsolete inventory	(8,662)
Inventories, net	\$ 71,639

Pine Castle, Inc.
Notes to Financial Statements

Note 6: INVESTMENTS

The Organization has investments consisting of the following:

<i>September 30, 2023</i>	Cost	Market Value
Fixed Income	\$ 760,713	\$ 719,229
Equities	729,883	1,145,946
Real estate fund	14,960	13,241
Investments held by others	177,573	177,573
Total investments	\$ 1,683,129	\$ 2,055,989

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

<i>September 30,</i>	<u>Useful Lives</u>	2023
Buildings and improvements	5 - 39 years	\$ 7,618,620
Furniture and equipment	5 - 10 years	862,145
Vehicles	5 years	324,428
Total depreciable property and equipment		8,805,193
Less accumulated depreciation		(4,524,539)
Total depreciable property and equipment, net		4,280,654
Land		295,897
Total property and equipment, net		\$ 4,576,551

Depreciation expense for the year ended September 30, 2023 totaled \$237,461.

Note 8: 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 September 26, 2025. The advances under the line of credit accrue interest per annum at the bank's prime rate. The outstanding balance as of September 30, 2023 was \$200,000.

Pine Castle, Inc.
Notes to Financial Statements

Note 9: NET ASSETS

The Board of Directors of Pine Castle, Inc. has designated \$1,237,591 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 \$131,518 at September 30, 2023. Both amounts have been included in net assets without donor restrictions at September 30, 2023.

A summary of net assets with donor restrictions follows:

<i>September 30,</i>	<i>2023</i>
Purpose restricted	
Tuition assistance	\$ 34,785
Capital improvements	34,727
Nursing program	36,695
Vehicles	16,697
Other minor projects	102,696
Endowment funds	883,636
Total net assets with donor restrictions	\$ 1,109,236

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

<i>For the year ended September 30,</i>	<i>2023</i>
Purpose restrictions	
Debt reduction	\$ 519,676
Tuition assistance	40,581
Capital improvements	236,119
Nursing program	96,164
Other minor projects	100,024
Total net assets released from donor restrictions	\$ 992,564

Note 10: REVENUE

The Organization is recognizing revenue at a point in time for program service fees and workshop sales. As of September 30, 2023 there were no outstanding performance obligations to be satisfied.

Pine Castle, Inc.
Notes to Financial Statements

Note 10: REVENUE (Continued)

Disaggregated Revenue

Approximately 25% of the revenue earned was at a point in time consisting of program services and workshop sales. The remaining 75% was from non-exchange transactions through public support and governmental support.

Contract Balances

<u>September 30,</u>	<u>2023</u>
Receivable from program fees and workshop, beginning of year	\$ 267,167
Receivable from program fees and workshop, end of year	\$ 331,176

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

Note 11: CONTRIBUTIONS OF NON-FINANCIAL ASSETS

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, 2023:

<u>For the year ended September 30, 2023</u>	<u>Donated Goods</u>
Program services	
Life enrichment pathway	\$ 16,602
Employment pathway	33,575
Group homes	2,032
Campus crews	43,692
Supporting services	
Management and general	16,632
Development and fundraising	9,832
Total contributed goods	\$ 122,365

Note 12: 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 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 \$177,573 as of September 30, 2023.

The Borowy Family Endowed Fund was established during the fiscal year ending September 30, 2020, of which the \$45,000 corpus is to remain intact and the earnings, up to a maximum of 5% each year, can be drawn by the Organization for operating expenses. The endowment funds totaled \$59,908 as of September 30, 2023.

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 \$777,673 as of September 30, 2023 of which \$646,155 is the permanent endowment. The difference between the total value and the restricted amount is \$131,518 and is included in net assets without donor restrictions at September 30, 2023.

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.

Note 12: ENDOWMENTS (Continued)

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.

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, 2023, the Organization's endowments were not underwater.

Endowment net asset composition by type of fund follows:

<i>September 30,</i>	2023
Endowment funds with donor restrictions	\$ 883,636
Board-designated endowment funds without donor restrictions	131,518
Total endowment funds	\$ 1,015,154

Note 12: ENDOWMENTS (Continued)

Changes in endowment net assets follow:

<i>September 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets -			
October 1,	\$ 58,181	\$ 852,743	\$ 910,924
Investment income	73,337	30,893	104,230
Endowment net assets -			
September 30,	\$ 131,518	\$ 883,636	\$ 1,015,154

Note 13: 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, 2023.

Pine Castle, Inc.
Notes to Financial Statements

Note 13: FAIR VALUE MEASUREMENTS (Continued)

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.

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

<i>September 30, 2023</i>	Level 1	Level 2	Level 3	Total
Fixed Income	\$ 719,229	\$ -	\$ -	\$ 719,229
Equities	1,145,946	-	-	1,145,946
Real asset fund	13,241	-	-	13,241
Investment held by others	-	177,573	-	177,573
Total investments at fair value	\$ 1,878,416	\$ 177,573	\$ -	\$ 2,055,989

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, 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 14: CONCENTRATIONS

The Organization maintains its cash balances with financial institutions. At times, such balances may be in excess of federally insured limits. There was no cash balances in excess of federally insured limits at September 30, 2023.

For the year ended September 30, 2023, 42% of revenue was derived from one governmental source.

Note 15: 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, 2023. The Organization’s contribution under this plan totaled \$52,722 for the year ended September 30, 2023.

Note 16: WORKSHOP SALES

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

Income and expenses for the workshop were as follows for the year ended September 30, 2023:

<i>For the year ended September 30,</i>	<i>2023</i>
Sales	\$ 1,421,392
Cost of sales	891,075
Gross profit	\$ 530,317

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

Note 17: EMPLOYEE RETENTION TAX CREDIT RECEIVABLE

Under the CARES Act, organizations that experienced a full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel, or group meetings due to COVID-19, or a significant decline in gross receipts, were eligible to apply for the Employee Retention Tax Credit (ERTC). Further, the Consolidated Appropriations Act 2021 enabled employers that received Paycheck Protection Program (PPP) loans to also take advantage of the ERTC to cover eligible expenses not covered by PPP loan proceeds. The ERTC is limited to maximum amounts per employee and per quarter.

The ERTC is considered a non-exchange transaction with a governmental entity and the Organization is recognizing revenue following the guidance under FASB ASC 958-605, government grant model. During the year ended September 30, 2023, the Organization has recognized ERTC in the accompanying statement of activities totaling \$1,020,079, of which, \$540,231 is still outstanding and reported as receivable at September 30, 2023.

Supplementary Information Schedule of Source and Expenditures of City Grant Funds

City of Jacksonville Public Service Grants for Fiscal Year 2022/2023 Audit*

Receipt of City Funds

	<u>City FY 2022- 2023 Grant No. 652808-23</u>	<u>City FY 2022- 2023 Grant No. 652807-23</u>
Amount of Award	\$ 150,000	\$ 149,400
Actual Funds Received from City in last audit period	-	-
Actual Amount Received this period	70,664	41,346
Due from City	16,564	28,552
Amount Remaining	<u>\$ 62,772</u>	<u>\$ 79,502</u>

Expenditures of City Funds

City FY 2022-2023 Grant No. 652808-23

<u>Item</u>	<u>(Unaudited) Budget</u>	<u>Actual 10/1/2022 - 9/30/2023</u>	<u>Remaining Balance</u>
Personnel	\$ 150,000	\$ 87,228	\$ 62,772
Total	<u>\$ 150,000</u>	<u>\$ 87,228</u>	<u>\$ 62,772</u>

Expenditures of City Funds

City FY 2022-2023 Grant No. 652807-23

<u>Item</u>	<u>(Unaudited) Budget</u>	<u>Actual 10/1/2022 - 9/30/2023</u>	<u>Remaining Balance</u>
Personnel	\$ 84,246	\$ 32,907	\$ 51,339
Occupancy	24,154	9,267	14,887
Direct Client	41,000	27,724	13,276
Total	<u>\$ 149,400</u>	<u>\$ 69,898</u>	<u>\$ 79,502</u>

*per Ordinance Code Chapter 118.205(e)