



FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Living, Inc.

Opinion

We have audited the financial statements of Community Living, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Living, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Community Living, 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 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 Community Living, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Community Living, 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 Community Living, 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.

November 2, 2023

SFW Partners, LLC
SFW Partners, LLC

COMMUNITY LIVING, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2023 and 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 2,426,892	\$ 2,204,805
Certificates of deposit	693,695	688,535
Investments	950,913	715,102
Accounts receivable, net of allowance for doubtful accounts of \$15,000	2,829,519	2,365,161
Unconditional promises-to-give	126,099	114,948
Grants receivable	240,199	-
Restricted custodial funds	90,106	120,537
Prepaid expenses	122,230	80,913
Total current assets	<u>7,479,653</u>	<u>6,290,001</u>
Property and equipment, net of accumulated depreciation	6,068,618	5,967,517
Deposits	<u>3,100</u>	<u>3,100</u>
Total assets	<u><u>\$ 13,551,371</u></u>	<u><u>\$ 12,260,618</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 315,291	\$ 291,101
Accrued expenses	539,203	650,026
Deferred revenue	26,274	18,470
Funds held for residents	90,106	120,537
Total current liabilities	<u>970,874</u>	<u>1,080,134</u>
Net assets:		
Without donor restrictions or board designation	11,162,652	10,234,870
Without donor restrictions, board designated (Note 6)	1,150,913	915,102
Total net assets without donor restrictions	<u>12,313,565</u>	<u>11,149,972</u>
With donor restrictions (Note 7)	266,932	30,512
Total net assets	<u>12,580,497</u>	<u>11,180,484</u>
Total liabilities and net assets	<u><u>\$ 13,551,371</u></u>	<u><u>\$ 12,260,618</u></u>

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

COMMUNITY LIVING, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Program revenue:						
Federal and state programs	\$ 12,122,372	\$ -	\$ 12,122,372	\$ 7,730,921	\$ -	\$ 7,730,921
St. Charles County Developmental Disabilities Resource Board	3,644,893	-	3,644,893	3,025,039	-	3,025,039
Private pay	284,520	-	284,520	200,816	-	200,816
Vocational rehabilitation	227,409	-	227,409	161,021	-	161,021
Community and Children's Resource Board	74,963	-	74,963	69,639	-	69,639
Total program revenue	16,354,157	-	16,354,157	11,187,436	-	11,187,436
Support and other revenue:						
Covid-19 grant proceeds	61,248	240,199	301,447	823,768	-	823,768
Donations	264,913	26,733	291,646	201,367	17,405	218,772
United Way	235,874	-	235,874	229,899	-	229,899
Net investment return	167,313	-	167,313	(83,288)	-	(83,288)
Special event	122,435	-	122,435	159,227	-	159,227
In-kind contributions	65,000	-	65,000	-	-	-
Rental income	25,300	-	25,300	-	-	-
Miscellaneous	22,246	-	22,246	23,097	-	23,097
Loss on sale of property and equipment	(4,168)	-	(4,168)	-	-	-
Total support and other revenue	960,161	266,932	1,227,093	1,354,070	17,405	1,371,475
Total support and revenue	17,314,318	266,932	17,581,250	12,541,506	17,405	12,558,911
Net assets released from restrictions	30,512	(30,512)	-	18,511	(18,511)	-
Functional expenses:						
Program services	13,768,425	-	13,768,425	11,194,142	-	11,194,142
General and administrative	2,084,954	-	2,084,954	1,948,826	-	1,948,826
Development	327,858	-	327,858	289,394	-	289,394
Total functional expenses	16,181,237	-	16,181,237	13,432,362	-	13,432,362
Changes in net assets	1,163,593	236,420	1,400,013	(872,345)	(1,106)	(873,451)
Net assets, beginning of the year	11,149,972	30,512	11,180,484	12,022,317	31,618	12,053,935
Net assets, end of the year	<u>\$ 12,313,565</u>	<u>\$ 266,932</u>	<u>\$ 12,580,497</u>	<u>\$ 11,149,972</u>	<u>\$ 30,512</u>	<u>\$ 11,180,484</u>

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

COMMUNITY LIVING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services										Supporting Services			
	Respite Care Home	In-Home Respite	Respite Center	Support Services for Adults	Residential Care	Employment Services	Recreational Services	SOAR Summer Camp	SOAR Teen Club	SOAR Break Camp	Total Program Services	General and Administrative	Development	Total
Salaries	\$ 836,557	\$ 77,172	\$ 211,650	\$ 2,018,965	\$ 4,411,280	\$ 360,615	\$ 302,536	\$ 367,188	\$ 368,791	\$ 69,630	\$ 9,024,384	\$ 1,381,407	\$ 166,752	\$ 10,572,543
Health benefits	44,897	3,004	3,562	268,271	392,981	33,337	39,167	12,267	10,190	1,401	809,077	90,706	8,492	908,275
Payroll taxes	60,579	5,827	16,004	148,564	318,302	26,412	22,221	27,683	28,295	5,356	659,243	99,488	12,395	771,126
Pension	23,199	2,874	7,309	85,844	157,313	12,828	11,311	12,299	10,918	2,295	326,190	63,970	4,028	394,188
Worker's compensation	11,410	917	4,188	27,099	75,917	4,049	5,302	12,151	12,740	2,462	156,235	21,664	4,208	182,107
Other personnel costs	5,175	1,687	1,281	10,976	17,790	1,815	1,834	1,659	6,134	331	48,682	22,563	226	71,471
Total salaries and related expenses	981,817	91,481	243,994	2,559,719	5,373,583	439,056	382,371	433,247	437,068	81,475	11,023,811	1,679,798	196,101	12,899,710
Communications	6,331	805	2,006	8,987	38,957	3,509	3,172	3,961	4,539	1,223	73,490	12,602	1,426	87,518
Depreciation	16,570	1,960	24,077	147,837	68,787	10,815	19,893	42,269	39,821	8,725	380,754	38,535	2,667	421,956
Dues and subscriptions	945	94	256	3,188	4,281	696	465	448	570	132	11,075	1,273	400	12,748
Food	12,414	-	4,582	3,477	14,908	-	-	744	1,949	350	38,424	125	-	38,549
Insurance	10,011	789	3,880	50,151	39,430	2,058	4,787	13,001	7,742	2,469	134,318	17,512	1,232	153,062
Maintenance and repairs	13,233	1,811	10,487	50,125	19,276	5,854	8,934	19,718	18,895	4,465	152,798	26,603	1,985	181,386
Materials and supplies	20,134	18,448	15,994	122,060	117,689	16,474	101,314	25,428	30,587	4,664	472,792	122,872	104,817	700,481
Miscellaneous	242	1,532	65	33,607	16,788	81	18,716	1,963	2,036	374	75,404	61,683	8,273	145,360
Printing and postage	4,741	652	1,517	16,500	22,757	1,782	3,282	2,021	3,120	749	57,121	10,308	8,154	75,583
Professional fees and services	1,933	193	523	6,520	13,708	645	793	28,584	12,569	4,470	69,938	84,575	-	154,513
Rent	-	-	-	-	20,100	-	-	665	-	-	20,765	-	-	20,765
Respite payments to parents	-	898,216	-	-	-	-	-	-	-	-	898,216	-	-	898,216
Staff training and education	7,088	562	4,327	25,183	35,940	3,516	2,412	4,691	7,657	634	92,010	11,329	450	103,789
Staff travel	891	68	239	31,916	14,708	15,422	412	40	60	22	63,778	6,287	856	70,921
Taxes and licenses	81	12	133	999	10,668	13	152	484	210	31	12,783	(3,276)	26	9,533
Utilities	12,073	818	4,941	35,564	10,977	2,408	5,309	11,436	10,723	2,191	96,440	8,028	1,471	105,939
Vehicle fuel and maintenance	4,758	20	2,969	24,582	36,659	68	2,466	11,132	11,526	328	94,508	6,700	-	101,208
	<u>\$ 1,093,262</u>	<u>\$ 1,017,461</u>	<u>\$ 319,990</u>	<u>\$ 3,120,415</u>	<u>\$ 5,859,216</u>	<u>\$ 502,397</u>	<u>\$ 554,478</u>	<u>\$ 599,832</u>	<u>\$ 589,072</u>	<u>\$ 112,302</u>	<u>\$ 13,768,425</u>	<u>\$ 2,084,954</u>	<u>\$ 327,858</u>	<u>\$ 16,181,237</u>

The accompanying notes to the financial statements
are an integral part of this statement.

COMMUNITY LIVING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services										Supporting Services			
	Respite Care Home	In-Home Respite	Respite Center	Support Services for Adults	Residential Care	Employment Services	Recreational Services	SOAR Summer Camp	SOAR Teen Club	SOAR Break Camp	Total Program Services	General and Administrative	Development	Total
Salaries	\$ 697,543	\$ 70,728	\$ 154,748	\$ 1,550,999	\$ 4,047,182	\$ 260,757	\$ 200,653	\$ 235,393	\$ 262,190	\$ 61,655	\$ 7,541,848	\$ 1,210,406	\$ 135,330	\$ 8,887,584
Health benefits	29,156	5,469	3,645	240,521	368,858	20,570	20,388	13,557	16,427	6,325	724,916	104,182	7,388	836,486
Payroll taxes	41,812	5,199	11,878	112,124	250,187	18,665	14,758	18,230	19,038	4,643	496,534	87,326	9,839	593,699
Pension	10,550	1,644	1,750	33,632	41,908	4,704	2,662	3,108	2,713	1,068	103,739	39,066	2,302	145,107
Worker's compensation	7,769	912	2,858	26,913	51,576	4,240	3,634	6,774	8,069	1,754	114,499	15,025	2,977	132,501
Other personnel costs	3,988	1,090	1,509	6,951	13,381	1,285	865	2,291	6,302	109	37,771	31,053	621	69,445
Total salaries and related expenses	790,818	85,042	176,388	1,971,140	4,773,092	310,221	242,960	279,353	314,739	75,554	9,019,307	1,487,058	158,457	10,664,822
Communications	5,582	832	2,244	9,504	36,922	4,379	3,357	3,927	3,999	990	71,736	12,252	2,430	86,418
Depreciation	14,516	7,332	19,953	151,132	85,908	8,871	17,537	39,388	36,809	7,843	389,289	45,790	6,493	441,572
Dues and subscriptions	39	31	36	105	198	133	42	45	47	28	704	15,056	2,366	18,126
Food	7,367	-	4,346	2,943	17,993	92	-	852	1,693	309	35,595	-	-	35,595
Insurance	8,941	982	3,353	47,258	34,054	1,466	4,348	12,580	7,142	2,229	122,353	31,022	-	153,375
Maintenance and repairs	10,751	3,089	10,962	44,006	28,054	3,205	7,172	15,384	14,522	3,038	140,183	19,527	6,464	166,174
Materials and supplies	25,773	15,825	11,292	91,887	73,431	16,227	58,020	16,168	14,879	2,290	325,792	103,636	93,908	523,336
Miscellaneous	109	1,737	72	26,727	999	15	11,932	589	1,743	5	43,928	64,614	7,666	116,208
Printing and postage	124	600	248	723	1,910	199	1,238	570	537	108	6,257	62,510	8,172	76,939
Professional fees and services	-	-	4,100	-	5,400	-	-	15,150	17,750	-	42,400	61,827	-	104,227
Rent	-	-	-	-	31,950	-	-	972	-	-	32,922	-	-	32,922
Respite payments to parents	-	696,378	-	-	-	-	-	-	-	-	696,378	-	-	696,378
Staff training and education	3,531	71	3,869	7,971	13,784	2,445	1,010	2,630	4,780	117	40,208	14,489	800	55,497
Staff travel	382	26	39	29,139	13,006	12,373	1,779	120	939	11	57,814	3,948	653	62,415
Taxes and licenses	120	17	1	462	437	26	93	1	144	91	1,392	19,200	17	20,609
Utilities	10,885	1,879	4,123	27,370	17,111	2,053	4,535	10,076	9,348	1,873	89,253	6,610	1,968	97,831
Vehicle fuel and maintenance	5,337	70	836	23,812	38,877	163	813	6,058	1,236	1,429	78,631	1,287	-	79,918
	\$ 884,275	\$ 813,911	\$ 241,862	\$ 2,434,179	\$ 5,173,126	\$ 361,868	\$ 354,836	\$ 403,863	\$ 430,307	\$ 95,915	\$ 11,194,142	\$ 1,948,826	\$ 289,394	\$ 13,432,362

The accompanying notes to the financial statements
are an integral part of this statement.

COMMUNITY LIVING, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ 1,400,013	\$ (873,451)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	421,956	441,572
Loss on sale of property and equipment	4,168	-
Dividends reinvested	(16,276)	(14,264)
Loss (gain) on sale of investments	16,567	(850)
Unrealized (gain) loss on investments	(55,379)	101,948
In-kind donations	(65,000)	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable, net	(464,358)	(597,567)
Unconditional promises-to-give	(11,151)	108
Grants receivable	(240,199)	-
Prepaid expenses	(41,317)	59,234
Increase (decrease) in liabilities:		
Accounts payable	24,190	25,077
Accrued expenses	(110,823)	(130,520)
Deferred revenue	7,804	4,020
Net cash provided by (used in) operating activities	<u>870,195</u>	<u>(984,693)</u>
Cash flows from investing activities:		
(Purchases) proceeds of certificates of deposit	(5,160)	218,168
Proceeds from sale of investments	172,630	2,488
Purchases of investments	(353,353)	(297,488)
Purchases of property and equipment	(462,225)	(140,717)
Net cash used in investing activities	<u>(648,108)</u>	<u>(217,549)</u>
Net increase (decrease) in cash and cash equivalents	222,087	(1,202,242)
Cash and cash equivalents, beginning of the year	<u>2,204,805</u>	<u>3,407,047</u>
Cash and cash equivalents, end of the year	<u><u>\$ 2,426,892</u></u>	<u><u>\$ 2,204,805</u></u>

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

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(1) Operations

Community Living, Inc. (the “Organization”), a not-for-profit organization, was established in 1978 to provide residential care, recreation, employment, education, and other support services for developmentally disabled individuals in St. Charles County. The Organization is supported primarily through federal, state, and local agency funding. Major programs offered by the Organization include:

Respite Services: provides a break for caregivers of an individual with a developmental disability with three respite services: respite center, respite care home, and in-home respite. The Respite Center is a weekend respite facility located in O’Fallon, MO for children ages 6 to 21 with developmental disabilities who require 1:1 support due to behavioral challenges. The Respite Care Home is a home-like, fully accessible facility located in St. Charles, MO that provides respite services for all ages. In-Home Respite is designed to provide independent contractors to families in need of a break from the day-to-day care of their loved one with a developmental disability.

Support Services for Adults: provides services to adults who are not employed but want a meaningful and productive day in order to achieve their full potential.

Residential Services: provides individualized services in one's home to promote their independence.

Employment Services: assists individuals with disabilities throughout the lifespan of their career from research to retention. With the aim to assist individuals in finding positions that align with their interests, goals, and skillset. Once employed, the Organization provides on-the-job support for the life of an individual’s job.

Adult Recreation Programs: provides pre-planned supported recreation opportunities supervised by the program’s staff and volunteers.

Social Opportunities and Recreation (“SOAR”): provides families, with children ages 12 – 21 enrolled in middle and high school, with three program options at various locations throughout St. Charles County: Teen Club, Break Camp, and Summer Camp. All three program options are provided within an engaging, fun, safe, and supervised environment where the children are encouraged to enhance their independence, as well as their communication, socialization, and job/life skills.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Certificates of Deposit

Certificates of deposit are recorded at face value. Interest income earned on the certificates of deposit are included in net investment return, net of investment expenses on the statements of activities and changes in net assets for the years ended June 30, 2023 and 2022.

Investments

Investments are adjusted to market value at year end. Unrealized holding gains or losses, realized gains or losses, and interest and dividend income earned on the investments are included in net investment return, net of external and direct internal investment expenses on the statements of activities and changes in net assets for the years ended June 30, 2023 and 2022. Interest and dividend income from investments is recognized when earned. Gains or losses on the sale of investments are recognized on a specific identification basis. Investment fees for the years ended June 30, 2023 and 2022 were immaterial.

Accounts Receivable, Net of Allowance for Doubtful Accounts

Accounts receivable, including billed and unbilled accounts for which the unconditional right to payment exists, are recognized when the right to consideration is unconditional and subject only to the passage of time. The Organization carries its accounts receivable at cost, less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable, estimates the allowance, and recognizes bad debts, based on an analysis of specific balances, taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay.

Unconditional Promises-To-Give

Unconditional promises-to-give are recognized as revenue when the promise is received. Conditional promises-to-give, that is those with a measurable performance or other barrier, are recognized as support when the conditions on which they depend are substantially met. Unconditional promises-to-give expected to be collected in less than one year are reported at net realizable value. Contributions to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with the donors, and accordingly, has made no allowance for doubtful accounts.

Grants Receivable

Grants receivable is recognized as revenue when the grant is awarded and any measurable performance or other barriers are met. Grants receivable expected to be collected in less than one year are reported at net realizable value. Grants to be collected in future years are recorded at fair value when the grant is made based on a discounted cash flow model. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with the grantors, and accordingly, has made no allowance for doubtful accounts.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value if contributed, less an allowance for depreciation. Major expenditures for property acquisitions and those expenditures which substantially increase useful lives are capitalized. Expenditures for maintenance, repairs, and minor replacements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation using the straight-line method based upon the estimated useful lives of the assets as follows: buildings and improvements, 15 to 30 years; vehicles, 5 years; furniture, fixtures, and equipment, 5 to 10 years; leasehold improvements, 5 years.

Deferred Revenue

Deferred revenue represents program service fees and advance payments received for special events to be recognized in the next fiscal year.

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 grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

Net assets with donor restrictions: Net assets subject to donor (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 those resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that 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 statements of activities as net assets released from restrictions.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Support and Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise-to-give to the Organization. Gifts of cash and other assets received are recorded as with or without donor restricted support depending on the existence or nature of any donor restrictions. All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor.

Revenue is recognized when earned from a variety of funding sources, including Development Disabilities Resource Board, direct pay of clients, Community and Children's Resource Board, and Department of Mental Health. Program service fees and payments under cost-reimbursable contracts received in advance of services rendered are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

In-kind Contributions

Effective July 1, 2021, the Organization adopted Accounting Standards Update ("ASU") 2020-07, Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Accounting Standards Codification ("ASC") Topic 958). The update is applied on a retrospective basis and the prior year is presented in accordance with the new standard. No line items in the statements of financial position or the statements of activities and changes in net assets have been materially impacted.

In-kind contributions include a donation credit given to a donor for the difference between the purchase price of the land and fair market value. This donation is recognized in the financial statements at fair market value. For the years ended June 30, 2023 and 2022, the Organization recorded in-kind contributions of \$65,000 and \$0, respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its mission. These services are not recognized in the financial statements.

Employee Retention Credit

The Employee Retention Credit ("ERC") is a fully refundable payroll tax credit allowed to an eligible employer for qualifying wages established under the Coronavirus Aid, Relief, and Economic Security Act and further amended by the Consolidated Appropriations Act and the American Rescue Plan. The Organization has elected to record the ERC once it is probable any conditions attached to the assistance will be met and the Organization will receive the funds. Once the Organization is reasonably certain the conditions will be met, the Organization records the ERC over the periods in which it recognizes the qualifying expenses. The Organization recorded the ERC as accounts receivable and Covid-19 grant proceeds. Included in accounts receivables and other revenue as of June 30, 2022 was \$383,480 of refundable employee retention tax credits related to wages paid during the year ending June 30, 2022.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

Program Services

Program services include those expenses for programs and other items that enable the Organization to provide people with disabilities the opportunity to learn, live, work, and play in the community. Major program services are identified on the accompanying statements of functional expenses with general program descriptions included in Note 1.

Supporting Services

Supporting services include the general and administrative and development expenses that enable the Organization to coordinate its program strategy, secure proper administrative function of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

Functional Allocation of Expenses

The costs associated with providing the Organization's activities have been summarized on the functional basis. Certain expenses represent costs associated with multiple activities and require allocation among the program and supporting services benefited. Such allocations are based on management's estimate of time and effort which include salaries and related payroll expenses. Certain other expenses are allocated based on square footage which include rent, depreciation, utilities, maintenance and repairs, materials and supplies, and insurance. All other expenses are allocated based on usage.

Income Taxes

The Internal Revenue Service has advised the Organization that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's management does not believe that its exempt status has been significantly affected by any changes in its activities since the date of the most recent determination letter received. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization accounts for any uncertain tax positions in accordance with the Income Taxes topic of the Financial Accounting Standards Board ("FASB") ASC. The topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. In evaluating the Organization's exempt status, interpretations and tax planning strategies are considered. The Organization believes it is not exposed to any current or future tax liability based on its current operations.

Concentration of Credit Risk

The Organization, on occasion, maintains cash deposits with banks that include funds greater than the FDIC limits. The Organization has not experienced any losses in such accounts. The Board believes the Organization is not exposed to any significant credit risk related to cash. No amounts on deposit at June 30, 2023 and 2022 exceeded the insured limits.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(2) Summary of Significant Accounting Policies (Continued)

To reduce credit risk, the Organization utilizes a non-depository sweep account, where the underlying investments are US Government Treasury and Agency securities. The sweep account investments are subject to investment risk, including possible loss of the principal amount invested; however, the Organization has not experienced any losses in such accounts. The Board believes the Organization is not exposed to significant credit risk related to the sweep account. The balance in the sweep account at June 30, 2023 and 2022 was \$2,310,000 and \$1,900,000, respectively.

The Organization maintains investments with brokerage firms that include funds greater than the SIPC insured limit. SIPC protects against the loss of investments held at a SIPC-member brokerage firm, but does not protect against the decline in value of the investments. The Organization has not experienced any losses beyond normal market fluctuations. Management believes the Organization is not exposed to any significant credit risk beyond normal market fluctuations related to investments. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position. The brokerage accounts at June 30, 2023 and 2022 exceeded the insured limit by \$421,337 and \$192,098, respectively.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

(3) Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the FASB ASC, a guideline is provided for measuring fair value under generally accepted accounting principles. The topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority; Level 2 inputs include quoted prices in active markets for similar assets or liabilities, quoted prices in inactive markets for identical or similar assets or liabilities, or inputs that are observable or can be corroborated by observable market data or other means for substantially the full term of the asset or liability; and Level 3 inputs have the lowest priority and are based on prices or valuation techniques that are unobservable and not corroborated by market data. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of their assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization uses Level 2 inputs when an active market comparable is not available and Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(3) Fair Value Measurements (Continued)

The 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 June 30, 2023 and 2022.

Level 1 Fair Value Measurements

The fair value of the investments is based on quoted market prices.

The Organization's assets reported at fair value in the accompanying statements of financial position consist of the following:

		Fair Value Measurements Using:		
		Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	Fair Value			
June 30, 2023				
Assets:				
Certificates of deposit	\$ 693,695	\$ 693,695	\$ -	\$ -
ETF's	768,157	768,157	-	-
Mutual funds	182,756	182,756	-	-
Total assets	<u>\$ 1,644,608</u>	<u>\$ 1,644,608</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2022				
Assets:				
Certificates of deposit	\$ 688,535	\$ 688,535	\$ -	\$ -
ETF's	508,413	508,413	-	-
Mutual funds	206,689	206,689	-	-
Total assets	<u>\$ 1,403,637</u>	<u>\$ 1,403,637</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(4) Property and Equipment

Property and equipment consists of the following at June 30:

	2023	2022
Buildings and improvements	\$ 8,945,066	\$ 8,741,775
Vehicles	1,624,663	1,624,663
Furniture, fixtures, and equipment	752,954	866,157
Leasehold improvements	7,000	7,000
	11,329,683	11,239,595
Accumulated depreciation	(6,260,145)	(6,009,055)
	5,069,538	5,230,540
Land	988,526	736,977
Construction in progress	10,554	-
	\$ 6,068,618	\$ 5,967,517

Depreciation expense for the years ended June 30, 2023 and 2022 was \$421,956 and \$441,572, respectively.

(5) Net Assets Without Donor Restrictions, Board Designated Fund

During the years ended June 30, 2023 and 2022, the Organization's Board of Directors designated \$180,000 and \$295,000, respectively of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified as net assets without donor restrictions (see Note 2).

The Organization's objective is to maintain the purchasing power of the Endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Endowment has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The Endowment's assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in asset growth above the rate of inflation. Investment risk is measured in terms of the total Endowment; investment assets and allocation between asset classes and strategies are managed to not expose the Endowment to unacceptable levels of risk.

As of June 30, 2023 and 2022, the Board of Directors designated \$200,000, as a means of creating a cash reserve that can only be used with a majority vote of the Board of Directors.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(5) Net Assets Without Donor Restrictions, Board Designated Fund (Continued)

Composition of and changes in the Endowment's net assets for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Unrestricted Endowment net assets, beginning of year	\$ 715,102	\$ 506,936
Investment income	16,276	14,264
Net realized and unrealized gain (loss) on investments	39,535	(101,098)
Contributions	180,000	295,000
	<hr/>	<hr/>
Board designated Endowment net assets, end of year	950,913	715,102
Board designated restricted cash	200,000	200,000
	<hr/>	<hr/>
Net assets without donor restrictions, board designated	<u>\$ 1,150,913</u>	<u>\$ 915,102</u>

(6) Net Assets With Donor Restrictions

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

	2023	2022
Subject to expenditure for a specific purpose:		
Capital improvements	\$ 240,199	\$ -
Adult recreation – Andrew's Hugs	24,630	9,690
Wish Wall – Dayhab Center	2,103	4,560
Residential needs	-	12,549
SOAR scholarship fund	-	3,713
	<hr/>	<hr/>
Total net assets subject to expenditure for a specific purpose	<u>\$ 266,932</u>	<u>\$ 30,512</u>

Net assets released from donor restrictions consist of the following at June 30:

	2023	2022
Residential needs	\$ 12,549	\$ -
Adult recreation - Andrew's Hugs	9,690	11,623
Wish Wall – Dayhab Center	4,560	-
SOAR scholarship fund	3,713	6,888
	<hr/>	<hr/>
	<u>\$ 30,512</u>	<u>\$ 18,511</u>

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(7) Liquidity and Availability

Financial assets available for general expenditures without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following at June 30:

	2023	2022
Cash and cash equivalents	\$ 1,959,960	\$ 1,783,507
Certificates of deposit	693,695	688,535
Accounts receivable	2,829,519	2,365,161
Unconditional promises-to-give	126,099	114,948
Grants receivable	240,199	-
	<u>\$ 5,849,472</u>	<u>\$ 4,952,151</u>

The Organization's endowment fund consists of a board designated fund. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization began investing \$10,000 a month during September 2018 into the board designated endowment fund. Although the Organization does not intend to spend from its board designated fund as part of its annual budget approval and appropriation process, amounts could be made available if necessary.

(8) Disaggregation of Revenue

The Organization disaggregates revenue from contracts with customers by type of revenue as noted in the statements of activities and changes in net assets, which depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All earned revenue is recognized at a point in time, as performance obligations are satisfied.

(9) Employee Benefit Plan

The Organization maintains a 401(k) and profit-sharing plan to establish safe-harbor contributions for all eligible employees. Under the terms of the plan, employees may contribute up to the maximum amount allowed by law. Additional Organization contributions may be made at the discretion of the Board of Directors. Employees are 100% vested in their deferred compensation and the Organization's safe-harbor contributions and 20% vested after year 1, 40% after year 2, 60% after year 3, 80% after year 4, and 100% vested after year 5 in the Organization's discretionary and non-safe-harbor contributions. Safe-harbor contributions charged to expense for the years ended June 30, 2023 and 2022 were \$394,188 and \$145,107, respectively.

The Organization maintained a 457(b) retirement plan covering a certain management employee up until her retirement in the current year. The employee could elect to defer up to 100% of their compensation in accordance with Internal Revenue Service deferral limits. The participant in the 457(b) plan was entitled to be vested into the plan as of the first day of employment. The Organization was able to make non-elective contributions to the 457(b) plan. During the years ended June 30, 2023 and 2022, the Organization made no contributions into the plan. As of June 30, 2023 and 2022, the obligation to the covered participant under the Plan was \$0 and \$190,786, respectively.

COMMUNITY LIVING, INC.

NOTES TO THE FINANCIAL STATEMENTS

(10) Concentrations

During the years ended June 30, 2023 and 2022, the Organization received 93% and 94%, respectively, of its support from state and local governmental entities. In addition, the Organization had 95% and 77% of its accounts receivable due from state and local governmental entities at June 30, 2023 and 2022, respectively.

(11) Commitments and Contingencies

On June 29, 2018, the Organization purchased a property used as a respite home from the Developmental Disabilities Resource Board of St. Charles County ("DDRB"). As part of the agreement, the Organization received a \$62,500 credit against the purchase price and the DDRB received a second deed of trust in the property. If the Organization sells the property, it would have to pay the DDRB \$62,500. As of June 30, 2023, management has no intention to sell the property; therefore, management feels the contingency is remote and has not recorded it in the accompanying financial statements.