

New Horizons of Southwest Florida, Inc.
Financial Statements
Years Ended August 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
New Horizons of Southwest Florida, Inc.
Naples, Florida

Opinion

We have audited the accompanying financial statements of New Horizons of Southwest Florida, Inc. (the "Organization") (a non-profit corporation), which comprise the statements of financial position as of August 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons of Southwest Florida, Inc. as of August 31, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 New Horizons of Southwest Florida, 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 New Horizons of Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Affiliations

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

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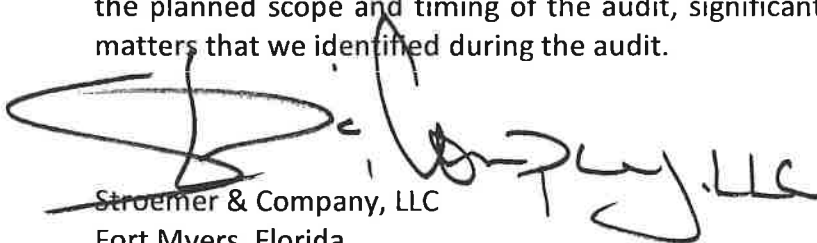
Auditor's Responsibilities for the Audit of the Financial Statements

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, including omissions, 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 New Horizons of Southwest Florida, 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 New Horizons of Southwest Florida, 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.



Stroemer & Company, LLC
Fort Myers, Florida
November 21, 2022

New Horizons of Southwest Florida, Inc.
Statements of Financial Position
August 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 158,231	\$ 278,285
Certificates of deposit	257,553	256,745
Beneficial interest in assets held by others	1,406,273	1,372,200
Prepaid insurance	72,958	70,346
Deposits	1,195	1,195
Property and equipment, net	106,452	154,972
Total assets	\$ 2,002,662	\$ 2,133,743
Liabilities and net assets		
Accounts payable	\$ 12,773	\$ 10,527
Accrued expenses	22,980	22,437
Refundable advance	-	387,565
Long-term debt	199,900	149,900
Total liabilities	235,653	570,429
Net assets		
Without donor restrictions- undesignated	646,140	209,900
Without donor restrictions - designated	1,081,641	1,299,269
Total net assets without donor restrictions	1,727,781	1,509,169
Net assets with donor restrictions	39,228	54,145
Total net assets	1,767,009	1,563,314
Total liabilities and net assets	\$ 2,002,662	\$ 2,133,743

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Activities
For the Year Ended August 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,672,379	\$ 431,039	\$ 2,103,418
Grants	986,599	-	986,599
Special event revenue - net of cost of direct donor benefit	295,119	-	295,119
In-kind goods and services	153,550	-	153,550
In-kind rental income	277,956	-	277,956
Investment income (loss)	(209,781)	-	(209,781)
Interest income	845	-	845
	<u>3,176,667</u>	<u>431,039</u>	<u>3,607,706</u>
Net asset reclassifications			
Net assets released from restrictions	445,956	(445,956)	-
	<u>3,622,623</u>	<u>(14,917)</u>	<u>3,607,706</u>
Expenses			
Program services	2,944,534	-	2,944,534
Management and general	322,114	-	322,114
Fundraising expenses	137,363	-	137,363
	<u>3,404,011</u>	<u>-</u>	<u>3,404,011</u>
Change in net assets	218,612	(14,917)	203,695
Net assets, September 1, 2021	1,509,169	54,145	1,563,314
	<u>\$ 1,727,781</u>	<u>\$ 39,228</u>	<u>\$ 1,767,009</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Activities
For the Year Ended August 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 1,419,715	\$ 360,235	\$ 1,779,950
Grants	769,988	-	769,988
Special event revenue - net of cost of direct donor benefit	214,024	-	214,024
In-kind goods and services	159,550	-	159,550
In-kind rental income	122,500	-	122,500
Investment income (loss)	194,624	-	194,624
Interest income	367	-	367
Gain on sale of property and equipment	1,050	-	1,050
	<u>2,881,818</u>	<u>360,235</u>	<u>3,242,053</u>
Net asset reclassifications			
Net assets released from restrictions	445,374	(445,374)	-
	<u>3,327,192</u>	<u>(85,139)</u>	<u>3,242,053</u>
Expenses			
Program services	2,576,920	-	2,576,920
Management and general	392,450	-	392,450
Fundraising expenses	95,968	-	95,968
	<u>3,065,338</u>	<u>-</u>	<u>3,065,338</u>
Change in net assets	261,854	(85,139)	176,715
Net assets, September 1, 2020	1,247,315	139,284	1,386,599
	<u>\$ 1,509,169</u>	<u>\$ 54,145</u>	<u>\$ 1,563,314</u>
Net assets at August 31, 2021			

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2022

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising expenses</u>	<u>Total</u>
Salaries	\$ 1,761,026	\$ 159,965	\$ 63,915	\$ 1,984,906
Rental expenses	300,416	15,958	-	316,374
Health insurance	164,311	15,846	3,389	183,546
In-kind goods and services	103,550	50,000	-	153,550
Payroll taxes	133,926	12,237	4,848	151,011
Auto expenses	130,307	44	382	130,733
Insurance	87,680	10,137	699	98,516
Depreciation expense	60,917	-	-	60,917
Activities expense	41,783	50	-	41,833
Computer and internet expenses	30,623	9,083	1,541	41,247
Consulting expenses	-	-	36,000	36,000
Supplies and education materials	33,840	1,289	150	35,279
Refreshments	29,481	403	32	29,916
Professional fees	12,080	16,496	130	28,706
Seminars and training	9,314	429	5,045	14,788
Utilities	10,452	3,186	-	13,638
Repairs and maintenance	9,633	2,378	-	12,011
Accounting fees	-	11,865	-	11,865
Office expenses	-	10,676	-	10,676
Bank and credit card fees	2,052	15	7,255	9,322
Scholarship expenses	9,119	-	-	9,119
Investment management fees	7,847	-	-	7,847
Dues and subscriptions	247	479	5,646	6,372
Postage and delivery	2,759	58	3,188	6,005
Printing and reproduction	2,149	196	1,905	4,250
Marketing	474	1,010	1,933	3,417
Entertainment and meals	-	-	955	955
Direct aid to families	539	164	-	703
Licenses and permits	9	-	350	359
Telephone	-	150	-	150
Total expenses	<u>\$ 2,944,534</u>	<u>\$ 322,114</u>	<u>\$ 137,363</u>	<u>\$ 3,404,011</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statement of Functional Expenses
For the Year Ended August 31, 2021

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising expenses</u>	<u>Total</u>
Salaries	\$ 1,650,694	\$ 201,206	\$ 47,777	\$ 1,899,677
In-kind goods and services	102,050	57,500	-	159,550
Rental expenses	141,864	14,495	-	156,359
Payroll taxes	127,873	15,627	3,714	147,214
Health insurance	122,269	10,729	-	132,998
Insurance	109,842	12,667	660	123,169
Auto expenses	77,088	-	95	77,183
Consulting expenses	7,875	23,625	30,000	61,500
Depreciation expense	58,594	-	-	58,594
Computer and internet expenses	45,867	6,510	462	52,839
Supplies and education materials	35,930	2,796	611	39,337
Professional fees	15,860	17,468	77	33,405
Refreshments	20,893	299	59	21,251
Activities expense	20,468	103	50	20,621
Repairs and maintenance	8,560	5,772	-	14,332
Utilities	7,044	1,389	-	8,433
Office expenses	-	7,512	-	7,512
Investment management fees	7,067	-	-	7,067
Accounting fees	-	6,780	-	6,780
Marketing	267	2,705	3,210	6,182
Direct aid to families	5,297	-	-	5,297
Printing and reproduction	2,542	428	1,724	4,694
Seminars and training	3,272	766	506	4,544
Postage and delivery	463	979	2,751	4,193
Scholarship expenses	3,771	-	-	3,771
Bank and credit card fees	3	1,611	1,967	3,581
Dues and subscriptions	179	683	1,351	2,213
Gifts and promotions	1,257	276	40	1,573
Licenses and permits	31	250	350	631
Entertainment and meals	-	-	564	564
Telephone	-	274	-	274
Total expenses	<u>\$ 2,576,920</u>	<u>\$ 392,450</u>	<u>\$ 95,968</u>	<u>\$ 3,065,338</u>

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statements of Cash Flows
For the Years Ended August 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received from contributions	\$ 1,715,853	\$ 1,808,602
Cash received from grants	986,599	769,988
Cash received from special events	377,002	221,623
Interest income received	845	367
Cash paid for programs and support	(2,992,382)	(2,696,839)
Cash paid for interest	(912)	-
Net cash provided by operating activities	87,005	103,741
Cash flows from investing activities:		
Purchases of property and equipment	(12,397)	(35,666)
Reinvested interest on certificates of deposit	(808)	(391)
Proceeds from the sale of property and equipment	-	1,050
Purchases of beneficial interest in assets held by others	(243,854)	(318,604)
Net cash used in investing activities	(257,059)	(353,611)
Cash flows from Financing activities:		
Loan proceeds from Small Business Administration	50,000	-
Net cash provided by financing activities	50,000	-
Net change in cash and cash equivalents	(120,054)	(249,870)
Cash and cash equivalents at beginning of year	278,285	528,155
Cash and cash equivalents at end of year	\$ 158,231	\$ 278,285

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Statements of Cash Flows (Continued)
For the Years Ended August 31, 2022 and 2021

	2022	2021
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 203,695	\$ 176,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	60,917	58,594
Unrealized loss/(gain)	209,781	(194,624)
Gain on disposal of property and equipment	-	(1,050)
(Increase)/decrease in assets:		
Prepaid insurance	(2,612)	25,182
Increase/(decrease) in liabilities:		
Accounts payable	2,246	7,907
Accrued expenses	543	2,365
Refundable advance	(387,565)	28,652
Net cash provided by operating activities	\$ 87,005	\$ 103,741
Supplemental disclosure of non-cash operating activities:		
In-kind rental space, goods and services recognized	\$ 431,506	\$ 282,050
In-kind rental space, goods and services expensed	\$ (431,506)	\$ (282,050)

The accompanying notes are an integral part of this statement.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies

1. Organization and nature of operations

New Horizons of Southwest Florida, Inc. (the "Organization") is a Florida nonprofit organization established in 2003. The Organization successfully changes the lives of under-resourced students by providing tutoring, mentoring, and faith-building programs at its trusted after-school clubs in students' neighborhoods.

The Organization has eleven locations in Lee and Collier Counties and offers a wide range of programs designed to help the children grow and develop.

2. 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. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

3. Financial statement presentation

The Organization prepares its financial statements in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

4. Concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents and endowments. The Organization maintains its cash and cash equivalents balances in bank deposit accounts, which at times may exceed federally-insured limits. The Organization has not experienced any economic losses on such account balances and believes it is not exposed to any significant credit risk on its cash and cash equivalent and investment balances.

5. Statement of cash flows

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. It does not consider highly liquid investments held for investment (non-operating) purposes in reporting cash flows. As of August 31, 2022 and 2021, there were no such investments held for operations by the Organization.

6. Property and equipment

Property and equipment are recorded at cost, or if donated, at fair market value on the date of donation. Such donations are recorded as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets with a cost or donated fair value of \$1,000 or more and a useful life of more than one year.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

7. Impairment of long-lived assets

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the years ended August 31, 2022 and 2021.

8. Fair value of financial instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. The Organization estimates that the fair value of all financial instruments as of August 31, 2022 and 2021 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

9. Net asset classifications

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

Without donor restrictions, undesignated net assets

Net assets whose use is not restricted by donors or internally designated for other uses.

Without donor restrictions, designated net assets

Net assets consisting of a security reserve established by the Board of Directors that is increased or decreased each year based on the Board's discretion. The Board's goal is to build a security reserve equal to six months' worth of operating expenses.

With donor restrictions

Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

9. Net asset classifications (continued)

With donor restrictions (continued)

net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors or net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

10. Contributions

The Organization accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

11. Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, or when the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

12. Donated materials and services

Donated land, buildings, equipment, investments, and other non-cash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated asset must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

For the years ended August 31, 2022 and 2021, the Organization received \$277,956 and \$122,500, as in-kind donations for free rental space at ten and eleven of its locations, respectively. In addition, the Organization received \$153,550 and \$159,550, of in-kind donated services and goods for the years ended August 31, 2022 and 2021, respectively.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

13. Revenue recognition

Revenue from Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization recorded the following exchange transaction revenue in its statements of activities for the years ended August 31, 2022 and 2021:

Special Events

The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

Revenue from Non-Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization recorded the following non-exchange transaction revenue in its statements of activities for the years ended August 31, 2022 and 2021:

Contributions

Revenue from contributions is recognized at the time the support or contribution is made.

Grant revenue

Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and barriers are met.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

14. Investments and investment income

The Organization accounts for investments in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain and loss on investments is reflected in the statements of activities.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is possible changes in the value of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of financial position.

15. Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Non-direct expenses are allocated using a reasonable percentage method determined by management.

16. Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

17. Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities 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.

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note A - Summary of Significant Accounting Policies (continued)

18. Reclassifications

Certain amounts have been reclassified in the 2021 financial statements to conform with the presentation of the current year financial statements.

Note B - Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditures were as follows as of August 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 158,231	\$ 278,285
Certificates of deposit	257,553	256,745
Beneficial interest in assets held by others	1,406,273	1,372,200
Less amounts restricted for future use	(39,228)	(54,145)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,782,829	\$ 1,853,085

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. 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.

The Organization also had \$37,937 and \$43,735 of beneficial interest in assets held by others that was donor restricted as of August 31, 2022 and 2021, respectively. Income from these assets is reinvested into the fund.

Note C - Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consisted of three endowment funds; two with the Collier County Community Foundation and one with Southwest Florida Community Foundation. Net earnings generated by the funds are available for distributions annually and may be used by the Organization for any purpose. The balances of these funds as of August 31, 2022 and 2021 were \$1,406,273 and \$1,372,200, respectively.

Investment income and expenses for the years ended August 31, 2022 and 2021 consisted of the following:

	2022	2021
Investment income (loss)	\$ (209,781)	\$ 194,624

New Horizons of Southwest Florida, Inc.
Notes to the Financial Statements
For the Years Ended August 31, 2022 and 2021

Note D - Property and Equipment

Property and equipment consisted of the following as of August 31, 2022 and 2021:

	2022	2021
Computer equipment	\$ 324,919	\$ 321,674
Vehicles	318,614	309,462
Equipment	78,949	78,949
Furniture and fixtures	3,085	3,085
Leasehold improvements	2,062	2,062
Signage	400	400
	728,029	715,632
Accumulated depreciation	(621,577)	(560,660)
	\$ 106,452	\$ 154,972

Depreciation expense for the years ended August 31, 2022 and 2021 amounted to \$60,917 and \$58,594, respectively.

Note E - Refundable Advances

As a result of the COVID-19 pandemic, the Organization applied for forgivable loans under the Paycheck Protection Program (PPP) through the U.S. Small Business Administration (SBA). The Organization received \$387,565 on January 26, 2021 and \$358,913 on April 29, 2020 from the PPP. The Organization recorded the initial transactions as conditional contributions in accordance with ASC Subtopic 958-605. Under this Subtopic, the initial transactions were recorded as refundable advances in the accompanying statements of financial position until the conditions for forgiveness were achieved. The \$387,565 loan was fully forgiven by the SBA on September 29, 2021 and was recorded as a contribution to the Organization in the accompanying statement of activities for the year ended August 31, 2022. The \$358,913 loan was fully forgiven by the SBA on March 3, 2021 and was recorded as a contribution to the Organization in the accompanying statement of activities for the year ended August 31, 2021.

Note F - Note Payable

Note payable consisted of the following as of August 31, 2022 and 2021:

	2022	2021
Note payable to the U.S. Small Business Administration, collateralized by all tangible and intangible property and equipment, with monthly interest and principal payments of \$890, beginning June 25, 2022, with interest at 2.75%. Final payment due August 2048. The loan was modified during the year ended August 31, 2022.	\$ 199,900	\$ 149,900

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Note F - Note Payable (continued)

Total annual principal payments for the note payable for the next five years and in the aggregate were as follows:

<u>Year Ending August 31,</u>	
2023	\$ 6,952
2024	5,442
2025	5,594
2026	5,750
2027	5,910
Thereafter	170,252
Total	\$ 199,900

Interest expense for the years ended August 31, 2022 and 2021 was \$912 and \$0, respectively.

Note G - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

*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 for the assets or liability.

*Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2022 and 2021. The Organization had no financial liabilities as of August

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Note G - Fair Value Measurements (continued)
31, 2022 and 2021.

	Assets at Fair Value as of August 31, 2022			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 1,406,273	\$ 1,406,273
	Assets at Fair Value as of August 31, 2021			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 1,372,200	\$ 1,372,200

The fair value of the beneficial interest in assets held by others was not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization by The Southwest Florida Community Foundation and The Collier County Community Foundation (Note C).

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the beneficial interest in assets held by others for the years ended August 31, 2022 and 2021:

	2022	2021
Balance, beginning of year	\$ 1,372,200	\$ 858,972
Total investment income (loss) included in change in net assets	(209,781)	194,624
Purchases	243,854	318,604
	\$ 1,406,273	\$ 1,372,200

Note H - Operating Leases

The Organization leases office space under an operating lease agreement. The lease agreement calls for monthly lease payments of \$2,624 for 24 months ending in November 2022.

Rental expense incurred under the lease for the years ended August 31, 2022 and 2021 amounted to \$38,418 and \$33,859, respectively.

Future minimum lease payments under this agreement are as follows:

Year ended August 31,

2023	\$ 7,873
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New Horizons of Southwest Florida, Inc.
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Note I - Net Assets

Net assets consisted of the following as of August 31, 2022 and 2021:

	2022	2021
Without donor restrictions:		
Undesignated	\$ 646,140	\$ 209,900
Designated	1,081,641	1,299,269
Total without donor restrictions	\$ 1,727,781	\$ 1,509,169
	2022	2021
With donor restrictions:	\$ 39,228	\$ 54,145

Net assets with donor restrictions, as of August 31, 2022 and 2021 consisted of a portion of beneficial interest in assets held by others and amounts restricted for scholarships, aid to families, and other contributions restricted for future periods.

Note J - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions during the years ended August 31, 2022 and 2021 were:

	2022	2021
Expenditure for specific purpose accomplished	\$ 445,956	\$ 445,374

Note K - Special Events

Gross receipts from special events recorded by the Organization consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue for the years ended August 31, 2022 and 2021 as follows:

	2022	2021
Contributions	\$ 377,002	\$ 221,623
Less: Cost of direct donor benefit	(81,883)	(7,599)
Special events - net	\$ 295,119	\$ 214,024

Note L - Subsequent Events

Management has assessed subsequent events through November 21, 2022, the date on which the financial statements were available to be issued and have noted the following subsequent event:

The Organization did not renew its operating lease for office space that ended in November 2022.