

**CENTER FOR INDEPENDENT LIVING
OF NORTHWEST FLORIDA, INC.**

FINANCIAL REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Independent Living of Northwest Florida, Inc.
Pensacola, Florida

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Center for Independent Living of Northwest Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Center for Independent Living of Northwest Florida, Inc. as of December 31, 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Center for Independent Living of Northwest Florida, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Independent Living of Northwest 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Center for Independent Living of Northwest 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Independent Living of Northwest Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 28, 2024, on my consideration of Center for Independent Living of Northwest Florida, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Center for Independent Living of Northwest Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for Independent Living of Northwest Florida, Inc.'s internal control over financial reporting and compliance.

Kim K. Enikeieff

May 28, 2024

CENTER FOR INDEPENDENT LIVING OF NORTHWEST FLORIDA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 122,136	\$ 125,159
Investments	811,880	801,936
Unconditional Promises to give without donor restrictions	6,300	5,000
Grants receivable	121,580	117,616
Accounts receivable	3,682	7,560
Prepaid expenses	<u>32,176</u>	<u>19,342</u>
Total current assets	<u>1,097,754</u>	<u>1,076,613</u>
Property, plant and equipment		
Leasehold improvements	6,798	6,798
Furniture and equipment	92,462	92,462
Vehicle	95,755	-
Less accumulated depreciation	<u>(78,192)</u>	<u>(65,930)</u>
Total property and equipment	<u>116,823</u>	<u>33,330</u>
Right-of-use lease assets - operating lease	344,982	344,982
Less accumulated amortization	<u>(129,343)</u>	<u>(17,257)</u>
Total right-to-use assets	<u>215,639</u>	<u>327,725</u>
Total property, plant and equipment	<u>332,462</u>	<u>361,055</u>
Total assets	<u>\$ 1,430,216</u>	<u>\$ 1,437,668</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 9,902	\$ 3,562
Accrued payroll and related taxes	14,899	16,442
Accrued vacation pay	10,292	10,373
Deferred revenue	91,452	882
Refundable advances	10,000	10,000
Current portion of lease liability - operating lease	<u>120,451</u>	<u>112,086</u>
Total current liabilities	<u>256,996</u>	<u>153,345</u>
Long-term lease liability - operating lease	<u>95,188</u>	<u>215,639</u>
Total liabilities	<u>352,184</u>	<u>368,984</u>
Net assets		
Without donor restrictions - designated	225,000	225,000
Without donor restrictions - undesignated	<u>853,032</u>	<u>843,684</u>
Total net assets without donor restrictions	1,078,032	1,068,684
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>1,078,032</u>	<u>1,068,684</u>
Total liabilities and net assets	<u>\$ 1,430,216</u>	<u>\$ 1,437,668</u>

See notes to financial statements.

CENTER FOR INDEPENDENT LIVING OF NORTHWEST FLORIDA, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Special events	\$ 2,029	\$ -	\$ 2,029	\$ 34,269	\$ -	\$ 34,269
Less cost of special events	-	-	-	49,317	-	49,317
Net special events	2,029	-	2,029	(15,048)	-	(15,048)
Federal grants	501,779	-	501,779	627,036	-	627,036
State grants	106,420	-	106,420	88,920	-	88,920
United Way of West Florida	5,000	-	5,000	3,236	-	3,236
Other grants	115,371	-	115,371	18,485	-	18,485
Contributions	34,878	-	34,878	32,851	-	32,851
Fees for services	23,274	-	23,274	36,635	-	36,635
Investment income	55,944	-	55,944	(61,602)	-	(61,602)
Miscellaneous income	4,160	-	4,160	3,391	-	3,391
Gain on disposal of property	-	-	-	297,070	-	297,070
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	848,855	-	848,855	1,030,974	-	1,030,974
Expenses						
Program expenses	768,088	-	768,088	706,425	-	706,425
Management and general	71,419	-	71,419	65,205	-	65,205
Fundraising	-	-	-	16,565	-	16,565
Total expenses	839,507	-	839,507	788,195	-	788,195
Change in net assets	9,348	-	9,348	242,779	-	242,779
Net assets, beginning of year	1,068,684	-	1,068,684	825,905	-	825,905
Net assets, end of year	\$ 1,078,032	\$ -	\$ 1,078,032	\$ 1,068,684	\$ -	\$ 1,068,684

See notes to financial statements.

CENTER FOR INDEPENDENT LIVING OF NORTHWEST FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023 with Comparative Totals for 2022

	Program Expenses	Management and General	Fundraising Expenses	2023 Total Expenses	2022 Total Expenses
Salaries	\$ 331,604	\$ 32,796	\$ -	\$ 364,400	\$ 388,862
Payroll taxes and benefits	109,761	10,855	-	120,616	128,085
Total personnel	441,365	43,651	-	485,016	516,947
Accounting fees	5,460	540	-	6,000	6,000
Consumer services	34,982	-	-	34,982	25,509
Dues and subscriptions	3,467	-	-	3,467	2,726
Information technology	32,456	3,210	-	35,666	34,726
Insurance	7,941	785	-	8,726	10,576
Interpreter expenses	4,468	442	-	4,910	8,315
Licenses and taxes	134	13	-	147	2,936
Marketing expense	-	-	-	-	16,565
Miscellaneous expense	2,191	-	-	2,191	2,602
Needs assessment	1,711	-	-	1,711	215
Office supplies and postage	5,790	573	-	6,363	6,046
Outreach activities	1,952	-	-	1,952	7,270
Printing	952	94	-	1,046	1,322
Professional fees	8,079	799	-	8,878	18,163
Relocation expenses	-	-	-	-	8,342
Rent	113,927	11,268	-	125,195	31,056
Rent storage space	1,626	161	-	1,787	2,088
Rental and maintenance of equipment	5,128	507	-	5,635	5,688
Repairs and maintenance	55,187	5,458	-	60,645	27,483
Security services	609	60	-	669	1,607
Staff training	1,655	-	-	1,655	470
Telephone	7,058	698	-	7,756	7,739
Travel	6,045	598	-	6,643	15,347
Utilities	14,747	1,458	-	16,205	11,183
Total expenses before depreciation	756,930	70,315	-	827,245	770,921
Depreciation	11,158	1,104	-	12,262	17,274
Total expenses	<u>\$ 768,088</u>	<u>\$ 71,419</u>	<u>\$ -</u>	<u>\$ 839,507</u>	<u>\$ 788,195</u>

See notes to financial statements.

CENTER FOR INDEPENDENT LIVING OF NORTHWEST FLORIDA, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,348	\$ 242,779
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,262	17,274
Donated vehicle	(95,755)	-
Noncash portion of lease expense for operating lease	112,086	17,257
Repayment of lease liability for operating lease	(112,086)	(17,257)
Net realized (gain) loss on investments	(26,558)	(8,136)
Net unrealized (gain) loss on investments	(29,386)	69,738
Gain on the disposal of property, plant and equipment	-	(297,070)
(Increase) decrease in:		
Unconditional Promises to give without donor restrictions	(1,300)	1,350
Grants receivable	(3,964)	(19,970)
Accounts receivable	3,878	(4,038)
Prepaid expenses	(12,834)	(9,961)
Deposits	-	975
Increase (decrease) in:		
Accounts payable	6,340	(1,835)
Accrued payroll and related taxes	(1,543)	537
Accrued vacation pay	(81)	912
Deferred revenue	90,570	-
	<u>(49,023)</u>	<u>(7,445)</u>
Net cash used by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(350,000)
Distribution from investment account	46,000	-
Purchases of property, plant and equipment	-	(28,346)
Proceeds from the sale of property, plant and equipment	-	372,000
	<u>46,000</u>	<u>(6,346)</u>
Net cash provided (used) by investing activities		
Net decrease in cash	(3,023)	(13,791)
Cash, beginning of year	125,159	138,950
Cash, end of year	<u>\$ 122,136</u>	<u>\$ 125,159</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

The Center for Independent Living of Northwest Florida, Inc. (the "Organization") was incorporated in 1982. The Organization promotes, educates, facilitates, assists and advocates with and on behalf of people with disabilities, in partnership with their communities, to achieve their goals of independence. Funding is provided primarily by federal grants from the U.S. Department of Health and Human Services and the Social Security Administration received either directly or as pass-through grants through the State of Florida Department of Education and the State of Florida Department of Labor and Employment Security.

Summary of Significant Accounting Policies

Method of accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Summary of Significant Accounting Policies (continued)

Accounts and grants receivable

All accounts and grants receivable are from federal, state, and local governmental agencies and are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Property and equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Property and equipment are depreciated over estimated useful lives using the straight-line method of depreciation. The Organization's policy is to capitalize capital acquisitions costing \$1,000 or more. Depreciation expense was \$12,262 and \$17,274 in 2023 and 2022, respectively.

Income taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2023 or December 31, 2022.

Grant and cooperative agreements

The Organization receives grants and contracts from federal and state agencies, as well as from private organizations, to be used for specific programs. The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

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.

Contributed materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any restrictions.

Significant Accounting Policies (continued)

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and telephone costs which are allocated based on the ratio of program revenue to total revenue.

Comparative amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Lease policies

Accounting Standards Update (ASU) 2016-02 requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. The lease classification effects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities in the statement of financial position, and classification of cash flows in the statement of cash flows.

The Organization has made a policy election not to capitalize certain short-term leases with a lease term of 12 months or less.

For finance leases, total lease cost is recorded on an accelerated basis and consists of two components; amortization expense and the related write-off of right-of-use assets, and interest expense from lease obligations. Interest expense is recorded using the effective interest method and right-of use assets are amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Non-lease components, such as common area maintenance (CAM) charges, are separated from lease components based on the terms of the related lease. Variable lease components consist of real estate taxes and insurance charges related to the real estate lease, and are recorded as lease expense as incurred.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because the Organization generally does not have access to the rate implicit in each lease, lease obligations are measured using the incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate that would be paid to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment.

The Organization uses a portfolio approach to apply a single incremental borrowing rate of 4% to its equipment leases, real estate leases and finance leases.

Right-of-use assets are generally measured and recorded as the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

Significant Accounting Policies (continued)

Lease policies (continued)

No additional leases were capitalized in 2023.

Evaluation of subsequent events

The Organization has evaluated subsequent events through May 28, 2023, the date which the financial statements were available to be issued.

Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Fair Value
Bank Deposits	\$ 108,596	\$ -	\$ -	\$ 108,596
Money Market Funds	5,685	-	-	5,685
Certificates of Deposit	54,988	-	-	54,988
Equities	350,826	-	-	350,826
Mutual Funds	256,106	-	-	256,106
Exchange Traded Funds	35,679	-	-	35,679
Total	<u>\$ 811,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 811,880</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Fair Value
Bank Deposits	\$ 63,252	\$ -	\$ -	\$ 63,252
Certificates of Deposit	227,283	-	-	227,283
Equities	158,184	-	-	158,184
Fixed Income	353,217	-	-	353,217
Total	<u>\$ 801,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,936</u>

Net investment income for the year consisted of the following:

	2023	2022
Interest and dividend income	\$ 27,495	\$ 12,069
Realized gains (losses)	2,867	-
Unrealized gains (losses)	29,386	(69,738)
Administrative fees	(3,804)	(3,933)
Total	<u>\$ 55,944</u>	<u>\$ (61,602)</u>

Investments (continued)

Details of the investments in marketable securities as of December 31, 2023:

	Fair Market Value	Cost	Unrealized Appreciation
Bank Deposits	\$ 108,596	\$ 108,596	\$ -
Money Market Funds	5,685	5,685	-
Certificates of Deposit	54,988	54,988	-
Equities	350,826	349,439	1,387
Mutual Funds	256,106	254,612	1,494
Exchange Traded Funds	35,679	33,462	2,217
Total	<u>\$ 811,880</u>	<u>\$ 806,782</u>	<u>\$ 5,098</u>

Details of the investments in marketable securities as of December 31, 2022:

	Fair Market Value	Cost	Unrealized Appreciation
Bank Deposits	\$ 63,252	\$ 63,252	\$ -
Certificates of Deposit	227,283	229,397	(2,114)
Equities	158,184	166,088	(7,904)
Fixed Income	353,217	363,955	(10,738)
Total	<u>\$ 801,936</u>	<u>\$ 822,692</u>	<u>\$ (20,756)</u>

Promises to Give

Unconditional promises to give at December 31 are as follows:

	2023	2022
Promises without donor restrictions	\$ 6,300	\$ 5,000
Gross unconditional promises to give	6,300	5,000
Less allowance for uncollectible promises	-	-
Net unconditional promises to give	<u>\$ 6,300</u>	<u>\$ 5,000</u>
Amounts due in:		
Less than one year	\$ 6,300	\$ 5,000
One to five years	-	-
Gross unconditional promises to give	<u>\$ 6,300</u>	<u>\$ 5,000</u>

The discount on the long-term promises to give to determine the net present value was not significant.

Grants Receivable

Grants receivable are recorded by the Organization when the related services are performed and consist of amounts due from federal and state agencies. The amounts were as follows:

	<u>2023</u>	<u>2022</u>
U.S. Department of Health and Human Services	\$ 50,598	\$ 59,364
State of Florida Department of Education	49,193	48,058
Florida Alliance for Assistive Services and Technology, Inc.	19,289	10,194
Other	<u>2,500</u>	<u>-</u>
Total	<u>\$ 121,580</u>	<u>\$ 117,616</u>

Federal Financial Assistance

The Organization has been awarded a grant from the U.S. Department of Health and Human Services passed through the Florida Department of Education to provide to individuals with disabilities short term device loans, device demonstrations, and training. The grant is recognized as the required services are performed. Accordingly, revenue is recognized when earned and expenses are recognized as incurred.

Grant activity for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Refundable advances, beginning of year	\$ 10,000	\$ 10,000
Grant receipts	51,872	41,268
Grant expenses	<u>51,872</u>	<u>41,268</u>
Refundable advances, end of year	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Governing Board Designations

Center for Independent Living of Northwest Florida, Inc.'s governing board has designated, from net assets without donor restrictions of \$1,078,032 and \$1,068,684 as of December 31, 2023 and 2022, respectively, net assets for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Liquidity reserve	<u>\$ 225,000</u>	<u>\$ 225,000</u>
Total	<u>\$ 225,000</u>	<u>\$ 225,000</u>

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 1,065,578	\$ 1,057,271
Less those unavailable for general expenditures within one year, due to:		
Board designations: liquidity reserve	<u>225,000</u>	<u>225,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 840,578</u>	<u>\$ 832,271</u>

Deferred Revenue

Revenue from various grants and other sources are deferred and recognized as amounts are earned.

	<u>2023</u>	<u>2022</u>
State of Florida Department of Transportation	\$ 882	\$ 882
US Aging and Disability	<u>90,570</u>	<u>-</u>
Total	<u>\$ 91,452</u>	<u>\$ 882</u>

Leases

Amounts recognized as right-of-use assets related to operating leases are included in property, plant and equipment in the statement of financial position, while related lease liabilities are included in the current and long-term debt.

As of December 31, 2023 right-of-use assets and lease liabilities related to operating leases were as follows:

Right-of use assets:

	<u>Operating Lease</u>
Cost	\$ 344,982
Less: accumulated amortization	<u>(129,343)</u>
Total	<u>\$ 215,639</u>

Lease liabilities:

	<u>Operating Lease</u>
Current portion	\$ 120,451
Long-term portion	<u>95,188</u>
Total	<u>\$ 215,639</u>

The Organization leases office space from a third party. The terms of the lease provide for annual base rent payments over three years in amounts ranging from \$124,224 to \$131,988 through 2025, with renewal options. In addition to base rent, the Organization pays a percentage of common area maintenance (CAM) charges, and real estate taxes and insurance. In the statement of functional expenses, CAM charges are classified as repairs and maintenance expense.

In the normal course of business, the Organization leases storage space as needed on a short-term basis, typically on an annual lease or a month-to-month basis. Short term lease expense amounted to \$1,787 and \$2,088 in 2023 and 2022, respectively.

The Organization leases certain equipment under monthly operating leases. The amount reported in rent expense was \$5,635 and \$5,688 for the years ended December 31, 2023 and 2022, respectively.

Maturity analysis and reconciliation to the statement of financial position:

A summary of the future payments for operating leases reconciled to the lease liability recorded at December 31, 2023 follows:

	<u>Operating Lease</u>
2024	\$ 129,076
2025	<u>98,991</u>
Total future lease payments	228,067
Less effects of discounting	<u>12,428</u>
Lease liability recorded at December 31, 2023	215,639
Less current portion	<u>120,451</u>
Long-term lease liability	<u>\$ 95,188</u>

Concentration of Credit Risk

Services provided by the Organization are funded primarily with grants from the United States Department of Health and Human Services and the Social Security Administration passed through the Florida Department of Education and the Florida Department of Labor and Employment Security. The Organization's ability to continue to provide the same level of services is dependent on continued funding from these sources.

Supplementary Information

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Independent Living of Northwest Florida, Inc.
Pensacola, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Independent Living of Northwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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, and have issued my report thereon dated May 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Center for Independent Living of Northwest Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Independent Living of Northwest Florida, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Center for Independent Living of Northwest Florida, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Independent Living of Northwest Florida, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kim K. Enikeieff

May 28, 2024