

SunServe
Financial Statements
December 31, 2023

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Webb CPA, P.A.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sunshine Social Services, Inc. dba SunServe
2312 Wilton Drive
Wilton Manors, FL 33305

Opinion

We have audited the accompanying financial statements of Sunshine Social Services, Inc. dba SunServe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities 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 SunServe as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 SunServe and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 SunServe's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 SunServe'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 SunServe'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.

Webb CPA, P.A.

WEBB CPA, P.A.
Certified Public Accountants
Boynton Beach, Florida
March 15, 2024

SunServe
Statement of Financial Position
As of December 31, 2023

ASSETS

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 120,174
Grants Receivable	256,022
Promise to Give	13,740
Prepaid Expenses	18,536
Total Current Assets	<u>408,472</u>

Furniture, Fixtures, & Equipment, Net	37,326
Deposits	14,908
Right to Use Asset	7,804

TOTAL ASSETS	\$ <u>468,510</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 11,613
Accounts Payable – Related Party	395,977
Accrued Expenses	158,417
Operating Lease Liability	7,804
Total Current Liabilities	<u>573,811</u>
Operating Lease Liability, net of current	-
Total Liabilities	<u>573,811</u>

Net Assets

Without Donor Restrictions	(116,203)
With Donor Restrictions	10,902
Total Net Assets	<u>(105,301)</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>468,510</u>
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The accompanying notes are an integral part of these financial statements.

SunServe
Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, gains, and other revenues:			
Support:			
Contributions	\$ 1,212,426	\$ -	\$ 1,212,426
Fundraising, net \$52,099 in direct fundraising expense	44,162		44,162
Government Grants	1,803,615	-	1,803,615
Total Support	<u>3,060,203</u>	<u>-</u>	<u>3,060,203</u>
Other Income	140,175		140,175
Counseling Fees	136	-	136
Program Income	5,190	-	5,190
Interest Income	1,208	-	1,208
Net assets released from restriction			
Satisfaction on purpose restrictions	-	-	-
Total support, gains, and other revenues	<u>3,206,912</u>	<u>-</u>	<u>3,206,912</u>
Expenses			
Program Services	2,752,804	-	2,752,804
Fundraising	31,262	-	31,262
Management and General	812,140	-	812,140
Total expenses	<u>3,596,206</u>	<u>-</u>	<u>3,596,206</u>
Change in Net Assets	<u>(389,294)</u>	<u>-</u>	<u>(389,294)</u>
Net Assets, Beginning of year	273,091	10,902	283,993
Net Assets, End of year	\$ <u>(116,203)</u>	\$ <u>10,902</u>	\$ <u>(105,301)</u>

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

SunServe
Schedule of Functional Expense
For the Year Ended December 31, 2023

	Case Management	Mental Health Services	Noble McArtor	Substance Use Disorder	Women's Services	Youth and Family Services	Total Program	Management & General	Development	TOTAL
Payroll	\$ 362,172	\$ 301,831	\$ 206,989	\$ 84,297	\$ 114,950	\$ 599,072	\$ 1,669,311	\$ 466,611	\$ 550	\$ 2,136,472
Payroll Taxes	28,054	14,651	13,958	6,408	8,348	47,057	118,476	39,194	-	157,670
Workers Comp	2,000	1,166	1,093	465	595	3,219	8,538	2,805	-	11,343
Employee Benefits	70,639	35,408	74,051	27,285	33,687	127,266	368,336	80,489	-	448,825
Cost of Payroll	1,832	1,399	1,236	732	880	2,772	8,851	2,373	-	11,224
Total Payroll Expenses	464,697	354,455	297,327	119,187	158,460	779,386	2,173,512	591,472	550	2,765,534
Advertising & Promotion	-	126	1,888	275	1,050	45,400	48,739	26,818	9,796	85,353
Assistance Fund	8,892	-	103,661	4,007	-	487	117,047	-	-	117,047
Background Checks	-	1,580	-	160	-	80	1,820	1,747	-	3,567
Computer Consulting	5,170	3,244	2,873	631	1,436	7,931	21,285	7,530	-	28,815
Credit Card Fees	-	20	-	-	-	-	20	-	2,612	2,632
Med Consulting	-	19,043	-	-	-	-	19,043	-	-	19,043
Therapy Services	-	-	7,000	-	-	-	7,000	-	-	7,000
Contractor Services	346	300	7,046	-	300	8,580	16,572	13,870	250	30,692
Insurance	3,496	2,720	1,943	777	971	4,662	14,569	4,856	-	19,425
Legal and Professional	5,331	4,146	2,961	1,185	1,481	7,108	22,212	7,404	-	29,616
Occupancy	41,001	34,388	20,664	17,855	20,444	41,336	175,688	53,030	-	228,718
Bank Charges	-	-	36	-	-	-	36	432	-	468
Office Expense	2,240	1,099	1,190	35	1,996	12,437	18,997	18,902	5,741	43,640
Dues & Subscriptions	413	481	1,858	12	114	910	3,788	2,863	-	6,651
Equipment Lease	2,575	1,704	1,545	331	869	3,891	10,915	3,758	-	14,673
Food & Food Supplies	30	76	7,507	100	-	7,029	14,742	6,190	-	20,932
Entertainment	276	187	1,382	163	2,864	14,468	19,340	20,077	2,326	41,743
Supplies & Materials	8,096	2,353	7,439	285	313	17,678	36,164	25,400	1,673	63,237
Telephone	5,004	3,058	2,823	556	1,390	7,806	20,637	13,005	306	33,948
Training	-	162	64	-	810	-	1,036	2,899	-	3,935
Travel	627	1,960	1,552	139	247	2,550	7,075	6,241	8,008	21,324
Non Capitalized Equipment	-	-	1,790	-	-	777	2,567	-	-	2,567
Depreciation	-	-	-	-	-	-	-	5,646	-	5,646
Total	\$ 548,194	\$ 431,102	\$ 472,549	\$ 145,698	\$ 192,745	\$ 962,516	\$ 2,752,804	\$ 812,140	\$ 31,262	\$ 3,596,206

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

SunServe
Statement of Cash Flows
For the Year Ended December 31, 2023

Operating Activities:	
Change in Net Assets	\$ (389,294)
Adjustments to reconcile change in net assets to net cash provided operating activities:	
Depreciation	5,646
Amortization of Right to Use Asset	8,579
Changes in Operating Assets and Liabilities:	
Grants Receivable	(14,732)
Promise to Give	(13,740)
Prepaid Expense	(161)
Accounts Payable	2,711
Accounts Payable – Related Party	395,977
Accrued Expenses	54,014
Operating Lease Liability	(8,579)
Net Cash Provided By Operating Activities	<u>40,421</u>
Investing Activities:	
Purchases of Furniture, Fixture & Equipment	(21,362)
Security Deposits	(3,231)
Net Cash Used In Investing Activities	<u>(24,593)</u>
Financing Activities:	
Advance from Line of Credit – Related Party	150,000
Repayment of Line of Credit – Related Party	(150,000)
Net Cash Used In Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	15,878
Cash and Cash Equivalents, Beginning of Year	104,346
Cash and Cash Equivalents, End of Year	\$ <u><u>120,174</u></u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid for interest	\$ <u>-</u>
Cash paid for income taxes	\$ <u>-</u>
Right to Use Asset	\$ <u>-</u>

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

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. DESCRIPTION OF ORGANIZATION

Sunshine Social Services, Inc. dba SunServe, Inc. (the "Organization") is a Florida nonprofit entity, which was incorporated in 2002. As the first agency to provide social service needs of the LGBTQ community of South Florida, the Organization has been an advocate, ally and champion for economically disadvantaged and marginalized youth, families, adults and seniors. Located in the heart of Wilton Manors, the second-highest per capita LGBTQ population in the United States, the Organization was created by a team of dedicated community volunteers who wanted to provide vital quality care to high-risk and vulnerable members of the LGBTQ community.

Effective January 1, 2023, the Organization entered into an affiliation agreement with AIDS Healthcare Foundation ("AHF") (Note 6), a California nonprofit corporation. In accordance with Florida State law, the Organization amended its existing Articles of Incorporation and Bylaws pursuant to the terms of the agreement to adopt AHF as the sole member of the Organization. The Organization and AHF will continue to operate as separate entities, in accordance with the provisions of the agreement. The missions of the Organization and AHF complement each other and are seeking a unified approach to pursuing their missions within the South Florida area. AHF has an irrevocable license to use any of the Organization's business property rights on a non-exclusive basis free of any royalties or other fees, so long as the affiliation or a substantially similar affiliation between AHF and the Organization remains in effect. This affiliation agreement may be terminated by mutual agreement of both the Organization and AHF, as disclosed in the terms and conditions of the affiliation agreement.

AHF will provide the following commitments to the Organization: (1) services and financial support without compensation or expectation of repayment and (2) provide a commitment to build out and improve the 3rd floor of AHF facilities. These commitments are subject to the following: (a) financial support will remain in effect for 3 years from the effective date and (b) commitment will automatically expire at the earlier of either termination of the MSSA or Affiliation Agreement.

In accordance with the terms of the affiliation agreement, AHF shall make annual grants to the Organization solely for the operation of programs and expansion of services.

Liquidity

The Organization has recurring losses and negative net assets. Management plans to continue to manage expenses and obtain additional funding. AHF, the organization's affiliate, continues to provide the necessary funding to continue operations and provide working capital.

Mission Statement: Recognizing that the entire LGBTQ community has the right to quality care, our mission is to provide critical life assistance and professional mental health services with emphasis on economically disadvantaged, marginalized youth, adults and seniors in the greater South Florida metropolitan area.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. DESCRIPTION OF ORGANIZATION (CONT'D)

Mental Health Services

Our first program, started in 2002 has become one of our largest. SunServe provides a full range of out-patient mental health services including couples, family and group treatment at the SunServe offices. There is a combination of licensed clinicians, registered interns and master's level students providing services. Services are provided on a sliding payment scale, with no one turned away due to lack of funds.

Noble A. McArtor Senior Center/Senior Services

The Noble A. McArtor Adult Day Care Center was the first of its kind in the United States. A senior daycare designated for LGBTQ seniors. The Center was founded by a team of individuals whose vision created a safe, open and home-like atmosphere for all seniors and their caregivers to enjoy, regardless, and supportive of any sexual orientation, race, age, gender, religion, economic level or ability to pay.

Youth & Family Services

Youth and Family Services is SunServe's largest department. Therapy is provided for LGBTQ youth of all ages, as well as their family members. Life coaching is provided; understanding as education, whether vocational or college, is essential to living a full life. Staff work with Broward County Schools and their GSAs. Counseling is provided both in home and in office. Six different youth support groups are offered around the county.

Case Management

SunServe provides housing case management for those living with HIV. Our program is based on housing being an integral part of good health; and we do everything to keep people employed, housed and earning an income. We provide case management to those with substance abuse issues and mental health issues as well. SunServe offers support to clients who are anywhere in the transitioning process. Whether at beginning and looking for counseling services, to name and passport changes, to quality medical services and job placement – Our case management will help clients to reach their full potential. Several support groups are offered.

Women's Services

Lesbian and trans-women receive guidance on medical care, housing assistance, understanding and sympathetic physicians and support from their own. Cancer care and awareness are goals of the program. SunServe also provides comprehensive LGBTQ Competency training to municipalities, companies, non-profits and to the general public.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

1. DESCRIPTION OF ORGANIZATION (CONT'D)

Substance Use Disorder

The program provides clients with substance abuse treatment, attain/maintain stable housing, reduce corrective involvement in the legal system and employment assistant through linkage to our case management, mental health services and housing programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies: The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for NFP's. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Basis of Presentation: The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

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

Without Donor Restrictions – Without Donor Restrictions net assets are resources available to support operations. The only limits on the use of without donor restrictions net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

With Donor Restrictions – With donor restrictions net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with the donor restrictions to without donor restrictions net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

As of December 31, 2023, net assets with donor restrictions were available for the following:

Subject to expenditure for specified purpose		
Epic	\$	7,183
Staff Recognition		3,179
Total	\$	<u>10,902</u>

No net assets with donor restrictions were released for the year ended December 31, 2023.

Tax Status: The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income related to its exempt purposes (unless that income is otherwise excluded by the Code). Contributions to the Organization are tax deductible to donors under section 170 of the Code. The Organization is not classified as a private foundation at report date, the Organization federal income tax returns for 2020 - 2023 remain open to examination by the Internal Revenue Service.

Functional Expense Recognition and Allocation: The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Cash and Cash Equivalents: Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of 90 days or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Grants Receivable: Grants receivable are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Promises to Give: The Organization records unconditional promises as pledges receivable at the date when the promise is received. These pledges receivable are reduced by an allowance for uncollectible pledges, if deemed necessary, and are discounted to the present value of their expected future cash flows if due in more than one year. As of December 31, 2023, the Organization had \$13,740 in promises to give.

Furniture, Fixtures, and Equipment: Furniture, fixtures, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture, Fixtures & Equipment	3 & 5 years
Leasehold Improvements	15 years

Furniture, fixtures, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstance; however, the actual results could differ from those estimates.

Grant Revenue: Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions: Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Time- restricted and purpose-restricted contributions are required to be reported as donor restricted support. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from 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.

Restricted Collection: The Organization acts as a pass-through agent for organizations that do not have 501 (c) (3) designation. The Organization receives funds for these organizations and pays the expenses for the funded amount. Contributions are recorded as with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills and would typically be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization follows Topic ASC 958 which requires the Organization to distinguish between contributions that increase net assets without donor restrictions or with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values. As of December 31, 2023, the Organization had no contributed services.

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842). This guidance requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. ASU 2016-02 establishes a right-of-use model (ROU) that requires a lessee to recognize an ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. The Organization adopted this standard effective January 1, 2022, as required, retrospectively through a cumulative effect adjustment. The Organization elected the "package of practical expedients," which permits the Organization not to reassess, under ASU 2016-02, prior conclusions about lease identification, lease classification and initial direct costs. The new standard also provides practical expedients for an entity's ongoing accounting. The Organization elected to utilize the short-term lease recognition exemption for all leases that qualify. This means, for those short-term leases that qualify, the Organization will not recognize ROU assets or lease liabilities. The Organization also elected to separate lease and non-lease components for facility leases. Adoption of this guidance resulted in the recognition of lease liabilities of \$23,426, based on the present value of the remaining minimum lease payments under current leasing standards for the Organization's applicable existing printer operating leases, with corresponding ROU assets of \$23,426 as of adoption date on January 1, 2022 (See Note 7).

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit Losses: In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. This standard update requires that certain financial assets be measured at amortized cost net of an allowance for estimated credit losses such that the net receivable represents the present value of expected cash collection. In addition, this standard update requires that certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses expected to occur over the life of the assets. The estimate of credit losses must be based on all relevant information including historical information, current conditions and reasonable and supportable forecasts that affect the collectability of the amounts. The Organization adopted this standard effective January 1, 2022. The adoption of this guidance had no impact on the organization.

Advertising: The Organization uses advertising to promote its programs to the community it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$85,353 for the year ended December 31, 2023.

Fair Value of Financial Instruments: Cash equivalents, beneficial interests, grant receivable, prepaid expenses, deposits and accounts payable are reflected in the financial statements at cost, which approximate fair value because of their short-term nature.

Recent Accounting Pronouncements:

All other recent accounting pronouncements issued by FASB (including the Emerging Issues Task Force) and the AICPA did not, or are not, believed by the Organization's management, to have a material impact on the Organization's present or future financial statements.

3. CONCENTRATION OF RISKS

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts. As of December 31, 2023, the Organization had no cash balances in excess of FDIC insurance at its financial institutions.

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the greater Fort Lauderdale metropolitan area and from agencies of the State of Florida. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the State of Florida. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization's services.

SunServe
Notes to the Financial Statements
For the Year Ended December 31, 2023

3. CONCENTRATION OF RISKS

As of December 31, 2023, the Organization had the following revenue concentrations.

	<u>Revenues</u>	<u>Grants Receivable</u>
ADRC	12%	18%
AIDS Healthcare Foundation	33%	-
Children's Service Council	12%	19%
City of Fort Lauderdale	10%	47%

4. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 120,174
Grants Receivable	256,022
Promise to Give	13,740
Prepaid Expenses	18,536
Financial assets at year end	\$ <u>408,472</u>
Less those unavailable for general expenditure within one year due to:	
Restricted by donor with time or purpose restrictions	<u>(10,902)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>397,570</u></u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

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.

5. FURNITURE, FIXTURES, AND EQUIPMENT

As of December 31, 2023, furniture, fixtures, and equipment consisted of:

Furniture, Fixtures, & Equipment	\$ 92,151
Leasehold Improvements	24,629
Total Furniture, Fixtures, & Equipment	<u>116,780</u>
Less: Accumulated Depreciation	<u>(79,454)</u>
Net Book Value	\$ <u><u>37,326</u></u>

Depreciation expense was \$5,646 for the year ended December 31, 2023.

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6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Organization entered into an affiliation agreement with AHF (Note 1). In accordance with the terms of this agreement, the Organization recorded approximately \$1,050,600 of contributions from AHF to support the operating needs and mission statement of the Organization, of which approximately \$1,009,100 was related to Florida AIDS Walk 2023.

On December 22, 2022, the Organization entered into a management services and support agreement ("MSSA") with AHF. Per the agreement, AHF may provide services of a General Manager, general administrative services, and operation services ("services"). AHF shall provide financial support in the form of a revolving line of credit in the amount of \$150,000 ("financial support") noted below. The term shall commence on the effective date of the Affiliation agreement and continue for 36 months and may be terminated at anytime.

On January 3, 2023, the Organization entered into a \$150,000 revolving promissory note agreement with AHF with an interest rate of 0%, payable on demand. The Organization may borrow, prepay, repay and reborrow loans from AHF at any time and AHF agrees to make revolving loan as requested on any business day. The Organization shall maintain a zero outstanding balance on the revolving loan commitment for at least 30 consecutive days during each year the note is in effect. The organization shall submit to AHF quarterly financial statements and bi-annually cashflow forecasts. The Organization received \$150,000 from the line of credit and fully repaid it during the year ended December 31, 2023.

At December 31, 2023, the Organization has an amount due from AHF amounting to \$395,977. This amount bears no interest and there is no established repayment schedule.

7. COMMITMENTS AND CONTINGENCY

The Organization provides employees paid vacation benefits. During the first two year of employment, employees accrue 4.62 hours per pay period. After two years of employment, employees accrued 6.15 hours per pay period. The maximum benefits an employee may have at any time shall not exceed 130 hours during the first two years of employment and 180 hours after two years of employment. If an employees' accrued but unused vacation time reaches the maximum, the staff member will not earn any additional benefits. Accrued vacation time is paid out at separation or termination. As of December 31, 2023, the Organization had \$115,008 in accrued vacation expenses.

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7. COMMITMENTS AND CONTINGENCY (CONT'D)

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. In March of 2023, the Organization filed for refunds of the employee retention credits with 2022 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2022. In July of 2023, the Organization received \$140,175 in employee retention credits. The credit is recorded as Other Income on the Statement of Activities at December 31, 2023.

The Organization determines if an arrangement is a finance lease, operating lease or short-term lease at inception, or as applicable, and accounts for the arrangement under the relevant accounting literature. Currently, the Organization is only party to a non-cancelable office space operating lease.

On April 25, 2019, the Organization entered into a lease with maintenance agreement for their downstairs printer. Per the agreement, the monthly payment is \$350 for 63 months to end on July 25, 2024.

On September 17, 2019, the Organization entered into a lease with maintenance agreement for their upstairs printer. Per the agreement, the monthly payment is \$523 for 63 months to end on December 17, 2024.

The Organization entered into an amendment to the original lease agreement on May 16, 2016 for the 2nd floor, Suite Numbers 3, 4, 5, 7, 8 & 13 of 2312 Wilton Drive, Wilton Manors, Florida. The Organization entered into a new three-year lease on September 21, 2020 effective November 1, 2020 through October 31, 2023. The monthly rent beginning November 1, 2020 was \$11,182, then increased to \$11,629 on November 1, 2021, and increased to \$12,094 on November 1, 2022. Beginning November 1, 2023, the Organization entered into a month to month lease agreement for the 2nd floor, Suite Numbers 3, 13, & 40A for \$14,275 per month.

The Organization rents space at a local church on a verbal month-to-month basis for \$6,000 a month for their senior and youth & family services.

On December 22, 2022, the Organization entered into a lease agreement with AIDS Healthcare Foundation ("AHF"). The lease is for Floor 3 of AHF facilities in Fort Lauderdale, estimated to be 5,500 sq. ft, and shall commence on January 1, 2023 and shall expire on January 1, 2028. The monthly rental fee of \$13,750 shall begin when the Occupancy date occurs, following the build out and improvement of the floor to be completed by AHF. As of March 15, 2024, the build out has not been completed and occupancy by the Organization has not occurred.

Rent expense was \$228,718 for the year ended December 31, 2023. Equipment lease expense was \$14,674 for the year ended December 31, 2023.

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7. COMMITMENTS AND CONTINGENCY (CONT'D)

As of January 1, 2022, the Organization adopted ASC 842, Leases. The Organization recognizes ROU assets and lease liabilities at the adoption date based on the present value of future minimum lease payments over the lease term. The discount rate used was the incremental borrowing rate of 16.9% in determining the present value of the future minimum lease payments. The Organization recognized ROU assets of \$23,426 and lease liabilities of \$23,426 as of adoption date. As of December 31, 2023, the Company's ROU assets and liabilities related to the lease are as follows:

ROU Asset	\$ 7,804
Current portion of lease liabilities	7,804
Lease liabilities, less current portion	-
Total lease liabilities	<u>\$ 7,804</u>

The future minimum lease payments for the equipment as of December 31, 2023 are as follows:

For the Year Ending December 31,	
2024	\$ 8,724
Future Minimum Lease Payment Total	<u>8,724</u>
Less: Present Value Discount	<u>(920)</u>
Total	<u>\$ 7,804</u>

8. EMPLOYEE BENEFIT PLAN

In March of 2014, the Organization created a 403 (b) pension plan for employees. Amounts were deducted during the year from employees' pay and were transferred to a 403 (b) pension plan provider. The Organization did not match employee contribution to the 403 (b). The plan was terminated in June of 2023.

In June of 2023, the Organization created a 401(k) plan for employees in place of the 403 (b) plan. The 401(k) plan is available to all employees upon completion of 30 days of employment. The match is based on years of services.

- After completing 0-1 years, annual match of \$750
- After completing 1-2 years, annual match of \$1,500
- After completing 2-3 years, annual match of \$3,000
- After completing over 3 years, annual match of \$6,000

During the year ended December 31, 2023, the Organization contributed \$43,553.

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9. SUBSEQUENT EVENTS

Date of Management's Review: In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 15, 2024, the date that the financial statements were available to be issued.