

FUN TIME EARLY CHILDHOOD ACADEMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
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FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fun Time Early Childhood Academy, Inc.
Naples, Florida

Opinion

We have audited the accompanying financial statements of Fun Time Early Childhood Academy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2023 financial statements referred to above present fairly, in all material respects, the financial position of Fun Time Early Childhood Academy, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Fun Time Early Childhood Academy, Inc. and to meet our 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.

Prior Period Financial Statements

The financial statements of Fun Time Early Childhood Academy, Inc. as of June 30, 2022 were audited by other auditors whose report dated October 4, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fun Time Early Childhood Academy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT, continued

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 Fun Time Early Childhood Academy, 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 Fun Time Early Childhood Academy, 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.

A handwritten signature in blue ink, reading "Rogers Wood Hill Starmann & Gustason".

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
Naples, Florida
October 25, 2023

FUN TIME EARLY CHILDHOOD ACADEMY, INC.STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 846,426	\$ 677,774
Certificates of deposit	51,188	42,933
Grants receivable	50,707	37,666
Prepaid expenses	47,499	30,826
Beneficial interests in assets held by others	4,082,605	3,234,355
Right-of-use assets - Net financing	10,716	-
Donated use of land	441,681	446,913
Property and equipment, net	<u>1,426,077</u>	<u>1,480,118</u>
Total assets	<u>\$ 6,956,899</u>	<u>\$ 5,950,585</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 96,037	\$ 167,415
Lease obligations - financing	<u>10,785</u>	<u>-</u>
Total liabilities	<u>106,822</u>	<u>167,415</u>
Net assets		
Without donor restrictions		
Invested in capital assets	1,426,077	1,480,118
Board-designated	2,604,250	2,304,250
Undesignated	<u>2,378,069</u>	<u>1,541,006</u>
	<u>6,408,396</u>	<u>5,325,374</u>
With donor restrictions		
Purpose-restricted for future periods	<u>441,681</u>	<u>457,796</u>
	<u>441,681</u>	<u>457,796</u>
Total net assets	<u>6,850,077</u>	<u>5,783,170</u>
Total liabilities and net assets	<u>\$ 6,956,899</u>	<u>\$ 5,950,585</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 1,068,188	\$ 13,000	\$ 1,081,188
Assisted tuition income	543,234	-	543,234
Grants	201,157	-	201,157
Special events	615,360	-	615,360
Childcare fees	277,825	-	277,825
Change in value of beneficial interests in assets held by others	548,251	-	548,251
Other revenue	39,990	-	39,990
Total support and revenue before net assets released from restrictions	3,294,005	13,000	3,307,005
Net assets released from restrictions	29,115	(29,115)	-
Total support and revenues	3,323,120	(16,115)	3,307,005
EXPENSES			
Program services	1,857,552	-	1,857,552
Management and general	218,078	-	218,078
Fundraising	164,468	-	164,468
Total expenses	2,240,098	-	2,240,098
CHANGE IN NET ASSETS	1,083,022	(16,115)	1,066,907
NET ASSETS - JUNE 30, 2022	5,325,374	457,796	5,783,170
NET ASSETS - JUNE 30, 2023	\$ 6,408,396	\$ 441,681	\$ 6,850,077

FUN TIME EARLY CHILDHOOD ACADEMY, INC.**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 561,620	\$ 46,076	\$ 607,696
Assisted tuition income	348,227	-	348,227
Grants	304,040	-	304,040
Special Events	497,616	-	497,616
Childcare fees	211,180	-	211,180
Change in value of beneficial interests in assets held by others	(599,169)	-	(599,169)
Other revenue	5,767	-	5,767
Total support and revenue before net assets released from restrictions	1,329,281	46,076	1,375,357
Net assets released from restrictions	41,121	(41,121)	-
Total support and revenues	1,370,402	4,955	1,375,357
EXPENSES			
Program services	1,505,925	-	1,505,925
Management and general	189,178	-	189,178
Fundraising	152,730	-	152,730
Total expenses	1,847,833	-	1,847,833
CHANGE IN NET ASSETS	(477,431)	4,955	(472,476)
NET ASSETS - JUNE 30, 2021	5,802,805	452,841	6,255,646
NET ASSETS - JUNE 30, 2022	\$ 5,325,374	\$ 457,796	\$ 5,783,170

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 11,446	\$ 602	\$ -	\$ 12,048
Continuing education	20,389	1,773	-	22,162
Depreciation and amortization	74,493	8,277	-	82,770
Employee benefits	211,298	27,027	7,371	245,696
Fundraising expenses	-	-	5,575	5,575
Insurance	33,383	3,709	-	37,092
Interest - leases	138	15	-	153
Occupancy	9,475	1,053	-	10,528
Office expense	28,036	1,476	-	29,512
Payroll tax and admin fees	171,629	19,503	3,901	195,033
Professional fees	1,615	15,967	359	17,941
Repairs and maintenance	78,477	8,720	-	87,197
Salaries and related expenses	1,075,195	122,181	24,436	1,221,812
Special event expenses	-	-	122,826	122,826
Supplies	118,882	5,209	-	124,091
Utilities	23,096	2,566	-	25,662
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,857,552</u>	<u>\$ 218,078</u>	<u>\$ 164,468</u>	<u>\$ 2,240,098</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Bank charges	\$ 8,019	\$ 422	\$ -	\$ 8,441
Continuing education	8,905	739	-	9,644
Depreciation	67,149	7,461	-	74,610
Employee benefits	133,260	17,045	4,649	154,954
Fundraising expenses	-	-	28,658	28,658
Insurance	33,487	3,721	-	37,208
Loss of disposition of assets	1,815	95	-	1,910
Occupancy	4,709	523	-	5,232
Office expense	19,351	1,019	-	20,370
Payroll tax and admin fees	144,852	16,460	3,292	164,604
Professional fees	3,091	30,764	687	34,542
Repairs and maintenance	68,504	7,612	-	76,116
Salaries and related expenses	890,274	100,072	23,954	1,014,300
Special event expenses	-	-	91,490	91,490
Supplies	96,454	350	-	96,804
Utilities	26,055	2,895	-	28,950
	<u>\$ 1,505,925</u>	<u>\$ 189,178</u>	<u>\$ 152,730</u>	<u>\$ 1,847,833</u>
Total expenses	<u>\$ 1,505,925</u>	<u>\$ 189,178</u>	<u>\$ 152,730</u>	<u>\$ 1,847,833</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,066,907	\$ (472,476)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	81,954	74,610
Change in beneficial interest in assets held by others	(848,250)	633,169
Amortization of donated use of land	5,232	5,232
Amortization of right of use assets	816	-
Loss on disposition of assets	-	1,910
(Increase)/decrease in:		
Grants receivable	-	1,928
Prepaid expenses	(16,673)	(5,857)
Grants receivable	(13,041)	(4,244)
Increase/(decrease) in:		
Accounts payable	(71,378)	76,806
Net cash provided/(used) by operating activities	<u>205,567</u>	<u>311,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(51,188)	-
Redemption of certificates of deposit	42,933	84,307
Net purchase of property and equipment	(27,913)	(121,422)
Net cash provided/(used) by investing activities	<u>(36,168)</u>	<u>(37,115)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease obligation	(747)	-
Net cash provided/(used) by financing activities	<u>(747)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	168,652	273,963
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>677,774</u>	<u>403,811</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 846,426</u></u>	<u><u>\$ 677,774</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
In-kind donations received	<u><u>\$ 12,500</u></u>	<u><u>\$ 12,500</u></u>
In-kind donations recognized	<u><u>\$ (12,500)</u></u>	<u><u>\$ (12,500)</u></u>
No amounts were paid for interest or income taxes.		

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Fun Time Early Childhood Academy, Inc. (the Academy) is a nonprofit corporation organized in the state of Florida in May 1962 as Fun Time Nursery, Inc. The Academy changed its name during 2004 to more appropriately reflect the degree of services the Academy provides to its youth. Its purpose is to provide safe affordable day care and to promote an early learning experience to prepare children for their entrance into the school system. The Academy is accredited under the National Accreditation Commission for Early Care and Education Programs. It has adopted an additional Early Learning Literacy Model program to challenge its students to achieve standards exceeding the basic requirements of the school system.

Basis of Accounting

The accounts of the Academy are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Financial Statements

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Academy considers all unrestricted bank and similar deposits, demand accounts, money market funds and short-term investments with maturity of three months or less when acquired to be cash equivalents, except those held for long-term investment. The Academy maintains bank accounts with balances, which, at times may exceed federally insured limits.

Fair Value Measurements

The Academy categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value Measurements, continued

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at June 30, 2023 and 2022.

The Academy also follows the fair value option for newly acquired financial assets and liabilities standard. This standard allows entities the irrevocable option to elect fair value for certain newly acquired financial assets and liabilities on a contract-by-contract basis. The Academy has not elected to measure any newly acquired financial instruments at fair value at June 30, 2023. However, the Academy may elect to measure newly acquired financial instruments at fair value in the future.

Property and Equipment

The Academy records equipment at cost when purchased or at fair market value when donated. Donated assets are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor use restrictions when the funds are expended. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions and Grants

The Academy recognizes contributions and grants as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. Conditional contributions or promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

Contributed services and facilities meeting the requirement for recognition in the financial statements are recorded at the fair market value of professional services and facilities rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Academy in membership services, committee assignments, and fundraising which do not meet the requirements for recognition in the financial statements.

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Childcare Fees

Revenue from childcare fees is recognized to the extent that it meets the requirements under the contracts and performance has been completed.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable.

During 2023 and 2022, management performed an analysis of its grants receivable and determined no amounts were uncollectible.

Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Academy's statements of activities.

Income Taxes

The Internal Revenue Service has determined that the Academy is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Except on net income derived from unrelated business activities. The Academy is a not-for-profit Florida corporation and, therefore, is not subject to state income taxes. Should the Academy's tax exempt status be challenged in the future, its 2022, 2021 and 2020 tax years are open for examination by the IRS.

The Academy has evaluated its tax positions and concluded that the Academy has taken no uncertain tax positions, therefore, no provision for income taxes was necessary for the year ended June 30, 2023.

Functional Expenses

The costs of providing program and support services have been summarized on a functional basis in the statement of activities. The expenses are charged directly to program or support services based on management's estimate of resources expended. Salary expenses are allocated based on estimated time spent for each function. Occupancy costs are allocated based on space usage.

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 amounts of assets and 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 estimates.

Leases

The Academy determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Academy performs a lease classification test to determine if the lease is an operating or a finance lease. Three leases have been identified as finance leases. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Finance lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term. Right-of-use assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments and reduced by any lease incentives and any deferred lease payments.

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases, continued

Right-of-use assets are amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Academy, or the Academy is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the right-of-use asset is amortized over the useful life of the asset. In determining the discount rate used to measure the right-of-use assets and lease liability, the Academy used rates implicit in the leases, or if not readily available, the Academy used the incremental borrowing rate. The incremental borrowing rate is based on the estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the assets.

Change in Accounting Principle: Adoption of ASC 842

Effective July 1, 2022, the Academy adopted FASB ASC 842, Leases. The Academy determines if an arrangement contains a lease at inception based on whether the Academy has the right to control the asset during the contract period and other facts and circumstances. The Academy elected the package of practical expedient permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets of \$11,532 and finance lease liabilities of \$11,320 with \$212 paid at lease commencement. Results for periods beginning prior to July 1, 2022, continue to be reported in accordance with the historical accounting treatment.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation of the current-year financial statements. The reclassifications did not affect net assets.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Academy regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Academy considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 846,426	\$ 677,774
Certificates of deposit	51,188	42,933
Grants receivable	50,707	37,666
Less: with donor restrictions	(441,681)	(457,796)
Total	<u>\$ 506,640</u>	<u>\$ 300,577</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 3 - CERTIFICATES OF DEPOSIT

Certificates of deposit consisted of the following at June 30, 2023:

<u>Maturity Date</u>	<u>Value</u>	<u>Rate</u>
September 14, 2023	\$ 51,188	3.00%

Certificates of deposit consisted of the following at June 30, 2022:

<u>Maturity Date</u>	<u>Value</u>	<u>Rate</u>
September 12, 2022	\$ 22,200	0.90%
October 1, 2022	20,733	0.25%
Total	<u>\$ 42,933</u>	

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Assisted tuition income	\$ 40,838	\$ 28,512
Food program	9,869	9,154
Total	<u>\$ 50,707</u>	<u>\$ 37,666</u>

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

For investment purposes, the Academy holds funds at the Community Foundation of Collier County. The Community Foundation of Collier County holds variance power over the funds and is holding the funds for the benefit of the Academy. Future benefits of these funds remain on the books of the Academy as the funds were originally donated by the Academy. The amounts are recorded at fair value. The balances at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
50 more years fund	\$ 3,627,037	\$ 3,106,139
Building capital reserve fund	447,240	121,084
50 more years fund II	8,328	7,132
Total	<u>\$ 4,082,605</u>	<u>\$ 3,234,355</u>

NOTE 6 - FAIR VALUE

The Academy uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Academy measures fair value refer to Note 1 - Summary of Significant Accounting Policies. The following tables set forth by level, within the fair value hierarchy, the Academy's assets at fair value as of June 30:

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial interests in				
assets held by others	\$ -	\$ -	\$ 4,082,605	\$ 4,082,605

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 6 - FAIR VALUE, continued

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Beneficial interests in assets held by others	\$ -	\$ -	\$ 3,234,355	\$ 3,234,355

The following tables set forth a description of the valuation technique and summary of changes in the fair value of the Academy's Level 3 assets for the years ended June 30:

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Beneficial interest in assets held by others	\$ 4,082,605	\$ 3,234,355	Market Price at Close of Business	Amount and Timing of Distributions from Community Foundation
			2023	2022
Balance - beginning of year			\$ 3,234,355	\$ 3,867,524
Interest income and gains/(losses)			548,251	(599,169)
Deposits/(withdrawals)			300,000	(34,000)
Balance - end of year			<u>\$ 4,082,606</u>	<u>\$ 3,234,355</u>

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net at June 30 consisted of the following:

	2023	2022
Building	\$ 2,140,791	\$ 2,140,791
Furniture, fixtures, and equipment	469,699	500,322
Total	2,610,490	2,641,113
Less: accumulated depreciation	(1,184,413)	(1,160,995)
Total property and equipment, net	<u>\$ 1,426,077</u>	<u>\$ 1,480,118</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$81,954 and \$74,610, respectively.

NOTE 8 - LEASING ACTIVITIES

The Academy has obligations as a lessee for three copy machines. The Academy classifies these leases as finance leases, all of which have a term of 5 years and include an option to purchase at the end of the lease term. The Academy's leases do not include terminations options. Payments due under the lease contracts are fixed.

The following summarizes the line items on the balance sheet which include amounts for finance leases as of June 30, 2023:

Finance lease right-of-use assets	\$ 11,532
Less: accumulated amortization	(816)
Finance right-of-use assets, net	<u>\$ 10,716</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 8 - LEASING ACTIVITIES, continued

As of June 30, 2023, the weighted average remaining lease term for all finance leases is 4.75 years, while the weighted average discount rate for all finance leases is 3.9%.

The future maturities of finance lease obligations, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 2,544
2025	2,544
2026	2,544
2027	2,544
2028	1,644
Total lease payments	11,820
Less: interest	(1,035)
Present value of finance lease obligations	<u>\$ 10,785</u>

The following summarizes the line items in the statements of operations which include components of lease expense for the year ended June 30, 2023:

Finance lease costs:	
Amortization of lease assets	\$ 816
Interest on lease obligations	153
Total finance lease costs	<u>\$ 969</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$ 153
Financing cash flows from finance leases	\$ 747

Lease assets obtained in exchange for lease obligations:

Finance leases	\$ 11,532
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NOTE 9 - BOARD-DESIGNATED NET ASSETS

The board has designated the following funds for future building maintenance expenses and for the establishment of the 50 More Years Fund and 50 More Years Fund II:

	<u>2023</u>	<u>2022</u>
Building Capital Reserve Fund	\$ 383,000	\$ 83,000
50 more years fund	2,216,250	2,216,250
50 more years fund II	5,000	5,000
	<u>\$ 2,604,250</u>	<u>\$ 2,304,250</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following at June 30:

	2023			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to expenditure for specified purpose:				
Donated use of land	\$ 446,913	\$ -	\$ (5,232)	\$ 441,681
PATCH and school programs	2,052	10,000	(12,052)	-
Workforce initiative	8,831	-	(8,831)	-
Classroom supplies	-	3,000	(3,000)	-
Total	<u>\$ 457,796</u>	<u>\$ 13,000</u>	<u>\$ (29,115)</u>	<u>\$ 441,681</u>

	2022			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to expenditure for specified purpose:				
Donated use of land	\$ 452,145	\$ -	\$ (5,232)	\$ 446,913
PATCH and school programs	-	8,000	(5,948)	2,052
Purchase of specified capital assets	696	-	(696)	-
Workforce initiative	-	38,076	(29,245)	8,831
Total	<u>\$ 452,841</u>	<u>\$ 46,076</u>	<u>\$ (41,121)</u>	<u>\$ 457,796</u>

NOTE 11 - DONATED FUTURE USE OF PROPERTY

The Academy is located on land owned by the Collier County School Board, the use of which has been granted to the Academy for the term of the 99-year lease at the expense of \$1 per year. As is required by U.S. GAAP, the Academy has recognized the fair market value of the donated land, totaling \$517,518 as a time restricted contribution during the year ended June 30, 2009. This contribution will be recognized as an increase in net assets without donor restrictions evenly on an annual basis over the 99-year life of the lease. The amount of \$5,232 was reclassified to net assets without donor restrictions in each of the years ended June 30, 2023 and 2022.

NOTE 12 - SPECIAL EVENTS

Special events revenue is comprised of the following at June 30:

	2023	2022
Special event revenue	\$ 615,360	\$ 497,616
Special event expenses	(122,826)	(91,490)
	<u>\$ 492,534</u>	<u>\$ 406,126</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2023 AND 2022

NOTE 13 - ASSISTED TUITION REVENUE - EARLY CHILDHOOD EDUCATION SERVICES

The Academy receives funding from several local charitable organizations for the purpose of subsidizing early childhood education and tuition services for qualifying children. The funds are in the form of subsidies to the normal tuition fees charged. The Academy recognizes assisted tuition revenue to the extent that it meets the requirements under the contracts and performance has been completed. The revenue received under assisted tuition contracts for which expenses have already been incurred are reported as increases in net assets without donor restrictions. During the years ended June 30, 2023 and 2022, the Academy recognized assisted tuition revenue totaling \$543,234 and \$348,227, respectively, from early childhood education and tuition service contracts.

NOTE 14 - CONCENTRATIONS

Approximately 60% and 46% of total grant revenues was received from one grantor for the years ended June 30, 2023 and 2022, respectively. It is at least reasonably possible, in the near term, that the Academy may lose funding under these contracts, and that may have a material effect on the financial statements.

NOTE 15 - DEFERRED IMPACT FEES

During September 2007, the Academy entered into an agreement with Collier County for the deferral of impact fees totaling \$79,304. The impact fees will be deferred so long as the Academy utilizes the subject property in the manner set forth in the agreement. Should the stated use end or the Academy lose its eligibility under the Charitable Academy Impact Fee Deferral Program, the deferral period will end and the full impact fees will be due and owed. These deferred impact fees will not be reflected in the Academy's financial statements unless they become due and payable.

NOTE 16 - RELATED PARTY TRANSACTIONS

The Academy received contributions from board members totaling \$114,176 and \$104,543 during the years ended June 30, 2023 and 2022, respectively.

NOTE 17 - CONTINGENCIES

Litigation

The Academy has been informed of two separate lawsuits pertaining to injury claims occurring onsite. Management believes the Academy has a strong defense against the claims. The Academy's insurance policy has defended the claim and Management believe that the policy limits are sufficient to cover any potential settlement or verdict in the litigation.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2023, the date the financial statements were available to be issued.