

FUN TIME EARLY CHILDHOOD ACADEMY, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
TABLE OF CONTENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Independent Auditor's Report	1 - 2
Financial Statements -	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17

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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, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fun Time Early Childhood Academy, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 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 that reads "Rogers Wood Hill Starman & Gustason".

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
Naples, Florida
November 13, 2025

FUN TIME EARLY CHILDHOOD ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,035,011	\$ 1,068,240
Certificates of deposit	-	53,761
Grants receivable	67,644	50,708
Prepaid expenses	108,287	102,635
Beneficial interests in assets held by others	5,672,833	4,942,307
Finance right-of-use assets, net	14,418	19,528
Operating right-of-use asset, net	42,444	74,680
Donated use of land	431,217	436,449
Property and equipment, net	<u>2,830,231</u>	<u>2,784,168</u>
Total assets	<u>\$ 10,202,085</u>	<u>\$ 9,532,476</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 209,132	\$ 179,172
Finance lease obligations	14,848	22,454
Operating lease obligation	<u>42,444</u>	<u>74,680</u>
Total liabilities	<u>266,424</u>	<u>276,306</u>
Net assets		
<u>Without donor restrictions</u>		
Invested in capital assets	2,830,231	2,784,168
Board-designated	2,604,250	2,604,250
Undesignated	<u>4,030,298</u>	<u>3,431,303</u>
	<u>9,464,779</u>	<u>8,819,721</u>
<u>With donor restrictions</u>		
Purpose restrictions	<u>470,882</u>	<u>436,449</u>
	<u>470,882</u>	<u>436,449</u>
Total net assets	<u>9,935,661</u>	<u>9,256,170</u>
Total liabilities and net assets	<u>\$ 10,202,085</u>	<u>\$ 9,532,476</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 983,277	\$ 39,665	\$ 1,022,942
Assisted tuition income	1,392,130	-	1,392,130
Grants	537,348	-	537,348
Special events	737,542	-	737,542
Childcare fees	1,143,518	-	1,143,518
Change in value of beneficial interests in assets held by others	730,525	-	730,525
Interest income	34,925	-	34,925
Total support and revenue before net assets released from restrictions	5,559,265	39,665	5,598,930
Net assets released from restrictions	5,232	(5,232)	-
Total support and revenues	5,564,497	34,433	5,598,930
EXPENSES			
Program services	3,900,944	-	3,900,944
Management and general	553,299	-	553,299
Fundraising	465,196	-	465,196
Total expenses	4,919,439	-	4,919,439
CHANGE IN NET ASSETS	645,058	34,433	679,491
NET ASSETS - JUNE 30, 2024	8,819,721	436,449	9,256,170
NET ASSETS - JUNE 30, 2025	\$ 9,464,779	\$ 470,882	\$ 9,935,661

FUN TIME EARLY CHILDHOOD ACADEMY, INC.**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 1,101,343	\$ -	\$ 1,101,343
Assisted tuition income	1,065,339	-	1,065,339
Grants	403,380	-	403,380
Special events	607,296	-	607,296
Childcare fees	1,053,969	-	1,053,969
Change in value of beneficial interests in assets held by others	859,703	-	859,703
Interest income	37,850	-	37,850
Total support and revenue before net assets released from restrictions	5,128,880	-	5,128,880
Net assets released from restrictions	5,232	(5,232)	-
Total support and revenues	5,134,112	(5,232)	5,128,880
EXPENSES			
Program services	3,305,954	-	3,305,954
Management and general	426,209	-	426,209
Fundraising	240,624	-	240,624
Total expenses	3,972,787	-	3,972,787
TOTAL SUPPORT AND REVENUE NET OF EXPENSES:	1,161,325	-	1,156,093
IN-KIND (NON-CASH) CONTRIBUTION OF BUILDING - NOTE 17	1,250,000	-	1,250,000
CHANGE IN NET ASSETS	2,411,325	(5,232)	2,406,093
NET ASSETS - JUNE 30, 2023	6,408,396	441,681	6,850,077
NET ASSETS - JUNE 30, 2024	\$ 8,819,721	\$ 436,449	\$ 9,256,170

FUN TIME EARLY CHILDHOOD ACADEMY, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 31,478	\$ 3,638	\$ 4,649	\$ 39,765
Continuing education	12,123	7,132	-	19,255
Depreciation	134,033	-	-	134,033
Amortization	3,531	1,579	-	5,110
Employee benefits	379,636	37,167	35,644	452,447
Fundraising expense	-	-	120,256	120,256
Insurance	81,018	4,427	-	85,445
Interest - leases	433	158	-	591
Occupancy	5,232	52,828	-	58,060
Office expense	37,871	43,254	300	81,425
Professional fees	-	60,700	-	60,700
Repairs and maintenance	181,562	15,720	-	197,282
Salaries and related expenses	2,482,378	278,631	266,755	3,027,764
Payroll tax and administrative fees	349,307	39,199	37,592	426,098
Supplies	151,525	-	-	151,525
Utilities	50,817	8,866	-	59,683
	<u>\$ 3,900,944</u>	<u>\$ 553,299</u>	<u>\$ 465,196</u>	<u>\$ 4,919,439</u>
Total expenses	<u>\$ 3,900,944</u>	<u>\$ 553,299</u>	<u>\$ 465,196</u>	<u>\$ 4,919,439</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ 26,829	\$ 1,412	\$ -	\$ 28,241
Continuing education	15,666	1,362	-	17,028
Depreciation	72,706	8,078	-	80,784
Amortization	-	2,857	-	2,857
Employee benefits	365,144	46,704	12,738	424,586
Fundraising expenses	-	-	125,944	125,944
Insurance	91,376	-	-	91,376
Interest - leases	-	470	-	470
Occupancy	22,763	638	-	23,401
Office expense	66,317	3,205	-	69,522
Professional fees	7,260	71,797	7,514	86,571
Repairs and maintenance	128,920	14,324	-	143,244
Salaries and related expenses	2,072,940	235,561	82,150	2,390,651
Payroll tax and administrative fees	269,184	30,590	6,118	305,892
Supplies	134,324	5,597	6,160	146,081
Utilities	32,525	3,614	-	36,139
	<u>\$ 3,305,954</u>	<u>\$ 426,209</u>	<u>\$ 240,624</u>	<u>\$ 3,972,787</u>
Total expenses	<u>\$ 3,305,954</u>	<u>\$ 426,209</u>	<u>\$ 240,624</u>	<u>\$ 3,972,787</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 679,491	\$ 2,406,093
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
In-kind contribution	-	(1,250,000)
Depreciation	134,033	80,784
Change in beneficial interest in assets held by others	(730,525)	(859,703)
Amortization of donated use of land	5,232	5,232
Amortization of right of use assets	5,110	2,857
(Increase)/decrease in:		
Prepaid expenses	(5,652)	(55,136)
Grants receivable	(16,936)	-
Increase/(decrease) in:		
Accounts payable	29,960	83,135
Net cash provided/(used) by operating activities	<u>100,713</u>	<u>413,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	53,761	(2,573)
Net purchase of property and equipment	(180,097)	(185,584)
Net cash provided/(used) by investing activities	<u>(126,336)</u>	<u>(188,157)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease obligations	(7,606)	(3,291)
Net cash provided/(used) by financing activities	<u>(7,606)</u>	<u>(3,291)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(33,229)	221,814
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,068,240</u>	<u>846,426</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,035,011</u></u>	<u><u>\$ 1,068,240</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
In-kind donations	<u><u>\$ -</u></u>	<u><u>\$ 1,250,000</u></u>
Cash paid for interest	<u><u>\$ 591</u></u>	<u><u>\$ 470</u></u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

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. Its purpose is to provide affordable, high-quality early learning for underserved children from working families, preparing them for success in kindergarten and beyond. 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, 2025 AND 2024

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, 2025 and 2024.

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, 2025. 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, 2025 AND 2024

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 fiscal year 2025 and 2024, 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 2024, 2023 and 2022 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, 2025 and 2024.

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. Four leases have been identified as finance leases and one lease has been identified as an operating lease. 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 and operating 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, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases, continued

Finance 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. The Academy is not expected to exercise the option to purchase the assets.

Operating right-of-use assets are measured throughout the lease term at the carrying amount of the lease liability. Lease expense for the lease payments are recognized on a straight-line basis over the lease term.

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.

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 June 30, 2025, comprise of the following:

Cash and cash equivalents	\$ 1,035,011
Grants receivable	<u>67,644</u>
Total financial assets	1,102,655
Less those unavailable for general expenditures within one year, due to:	
Donor imposed purpose restrictions	<u>(39,665)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,062,990</u></u>

NOTE 3 - CERTIFICATES OF DEPOSIT

Certificates of deposit consisted of the following at June 30, 2024:

<u>Maturity Date</u>	<u>Value</u>	<u>Rate</u>
September 14, 2024	<u>\$ 53,761</u>	5.20%

NOTE 4 - GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Assisted tuition grant	\$ 59,165	\$ 40,839
Food program grant	8,479	9,869
Total	<u><u>\$ 67,644</u></u>	<u><u>\$ 50,708</u></u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

For investment purposes, the Academy holds funds at the Collier Community Foundation. The Collier Community Foundation 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, 2025 and 2024 were as follows:

	2025	2024
Fun Time Endowment Fund	\$ 5,039,702	\$ 4,390,708
Building Capital Reserve Fund	621,559	541,517
Fun Time Endowment Fund II	11,572	10,082
Total	<u>\$ 5,672,833</u>	<u>\$ 4,942,307</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, 2025 and 2024:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Beneficial interests in assets held by others	\$ -	\$ -	\$ 5,672,833	\$ 5,672,833

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Beneficial interests in assets held by others	\$ -	\$ -	\$ 4,942,307	\$ 4,942,307

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, 2025 and 2024:

Instrument	Fair Value		Principal Valuation	Unobservable Inputs
	2025	2024		
Beneficial interest in assets held by others	\$ 5,672,833	\$ 4,942,307	Market Price at Close of Business	Amount and Timing of Distributions from Community Foundation

	2025	2024
Balance - beginning of year	\$ 4,942,307	\$ 4,082,605
Interest and dividends	60,407	75,757
Realized/unrealized gains/(losses)	678,210	795,202
Administrative fees	(8,091)	(11,256)
Balance - end of year	<u>\$ 5,672,833</u>	<u>\$ 4,942,307</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net at June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 2,879,100	\$ 2,861,331
Land	560,000	560,000
Furniture, fixtures, and equipment	633,144	628,034
Construction in progress	157,217	-
Total	4,229,461	4,049,365
Less: accumulated depreciation	(1,399,230)	(1,265,197)
Total property and equipment, net	<u>\$ 2,830,231</u>	<u>\$ 2,784,168</u>

Depreciation expense for the years ended June 30, 2025 and 2024 totaled \$134,033 and \$80,784, respectively.

NOTE 8 - LEASING ACTIVITIES

Copier Machines

The Academy has obligations as a lessee for five 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Finance lease right-of-use assets	\$ 23,201	\$ 23,201
Less: accumulated amortization	(8,783)	(3,673)
Finance right-of-use assets, net	<u>\$ 14,418</u>	<u>\$ 19,528</u>

As of June 30, 2025, the weighted average remaining lease term for all finance leases is 2.75 years, while the weighted average discount rate for all finance leases is 4.15%.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 5,604
2027	5,274
2028	3,322
2029	1,595
Total lease payments	15,795
Less: interest	(947)
Present value of finance lease obligations	<u>\$ 14,848</u>

Administrative Office Lease

In June 2024, the Academy entered into a sublease agreement for its administrative offices with a twenty-eight month lease term ending September 30, 2026. The lease requires monthly payments of \$2,918 ("Base Rent") plus applicable common area expenses incurred.

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

NOTE 8 - LEASING ACTIVITIES, continued

The following summarizes the line items on the statement of financial position which include amounts for operating leases as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease right of use assets	\$ 77,599	\$ 77,599
Less: principal	<u>(35,155)</u>	<u>(2,919)</u>
Operating lease right of use assets, net	<u>\$ 42,444</u>	<u>\$ 74,680</u>

The future maturities of the operating lease obligation, is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 35,010
2027	<u>8,753</u>
Total lease payments	43,763
Less: interest	<u>(1,319)</u>
Present value of operating lease obligation	<u>\$ 42,444</u>

The following summarizes the line items in the statements of operations which include components of lease expense for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Finance lease costs:		
Amortization of lease assets	\$ 5,110	\$ 2,857
Interest on lease obligations	591	470
Total finance lease costs	<u>\$ 5,701</u>	<u>\$ 3,327</u>
	<u>2025</u>	<u>2024</u>
Operating lease costs:		
Rent expense on building	\$ 32,093	\$ 2,918
CAM fees	20,735	1,885
Total operating lease costs	<u>\$ 52,828</u>	<u>\$ 4,803</u>

The following summarizes cash flow information related to leases for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 591	\$ 470
Financing cash flows from finance leases	\$ 7,606	\$ 3,291
Operating cash flows from operating leases	\$ 52,828	\$ 4,803
Lease assets obtained in exchange for lease obligations:		
Finance leases	\$ -	\$ 23,201
Operating leases	\$ -	\$ 77,599

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

NOTE 9 - BOARD-DESIGNATED NET ASSETS

The board has designated the following funds for future building maintenance expenses and for the establishment of the Fun Time Endowment Fund and Fun Time Endowment Fund II:

	2025	2024
Building Capital Reserve Fund	\$ 383,000	\$ 383,000
Fun Time Endowment Fund	2,216,250	2,216,250
Fun Time Endowment Fund II	5,000	5,000
	<u>\$ 2,604,250</u>	<u>\$ 2,604,250</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following at June 30, 2025 and 2024:

	2025			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to expenditure for specified purpose:				
Santa Barbara kitchen	\$ -	\$ 39,665	\$ -	\$ 39,665
Donated use of land	436,449	-	(5,232)	431,217
Total	<u>\$ 436,449</u>	<u>\$ 39,665</u>	<u>\$ (5,232)</u>	<u>\$ 470,882</u>

	2024			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to expenditure for specified purpose:				
Donated use of land	\$ 441,681	\$ -	\$ (5,232)	\$ 436,449
Total	<u>\$ 441,681</u>	<u>\$ -</u>	<u>\$ (5,232)</u>	<u>\$ 436,449</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, 2025 and 2024.

NOTE 12 - SPECIAL EVENTS

Special event revenue and expenses consist of the following at June 30, 2025 and 2024:

	2025	2024
Gala revenue	\$ 737,542	\$ 607,296
Less: Gala expenses	(90,360)	(103,867)
Special events, net	<u>\$ 647,182</u>	<u>\$ 503,429</u>

FUN TIME EARLY CHILDHOOD ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2025 AND 2024

NOTE 13 - ASSISTED TUITION REVENUE - EARLY CHILDHOOD EDUCATION SERVICES

The Academy receives funding from several government subsidiaries 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, 2025 and 2024, the Academy recognized assisted tuition revenue totaling \$1,392,130 and \$1,065,339, respectively, from early childhood education and tuition service contracts.

NOTE 14 - ECONOMIC DEPENDENCY

Approximately 80% and 70% of total grant revenues was received from one grantor for the years ended June 30, 2025 and 2024, 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 \$267,597 and \$160,387 during the years ended June 30, 2025 and 2024, respectively.

NOTE 17 - IN KIND CONTRIBUTION; ACQUIRED BUILDING

Acquisition of Child's Path: Santa Barbara Location

On February 23, 2024, the Academy signed a definitive agreement and acquired the Assets and certain Liabilities of Child's Path, a 501(c)(3) corporation providing early childhood education. Child's Path Board of Directors had determined that it was in the best interest of Child's Path to dissolve and transfer its assets to the Academy who has a similar purpose and a robust plan for early childhood education.

The title of the land and building at 3114 Santa Barbara Boulevard, Naples was transferred to the Academy by Child's Path on May 3, 2024, for a stated consideration of \$10.00. The building had subsequently been appraised for a value of \$1,250,000 by professional appraisers, creating a financial gain of that amount. As the Academy is a 'not for profit' 501(c)(3) it is being reported as a non-cash in kind contribution on the Statement of Activities as a separate line item.

NOTE 18 - CONCENTRATION OF CREDIT RISK

The Academy maintains accounts at financial institutions in bank deposits which, at times, may exceed federally insured limits of \$250,000. At June 30, 2025 and 2024, the Academy's uninsured cash balances totaled approximately \$550,000 and \$620,000, respectively.

NOTE 19 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2025, the date the financial statements were available to be issued.