

**SMA HEALTHCARE FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**SMA HEALTHCARE FOUNDATION, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2024 AND 2023**

|                                      | <u><b>Page<br/>Number(s)</b></u> |
|--------------------------------------|----------------------------------|
| <b>Independent Auditors' Report</b>  | 1 - 2                            |
| <b>Financial Statements</b>          |                                  |
| Statements of Financial Position     | 3                                |
| Statements of Activities             | 4                                |
| Statements of Cash Flows             | 5                                |
| <b>Notes to Financial Statements</b> | 6 - 15                           |

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of,  
SMA Healthcare Foundation, Inc.:

### ***Opinion***

We have audited the financial statements of SMA Healthcare Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 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 accompanying financial statements present fairly, in all material respects, the financial position of SMA Healthcare Foundation, Inc. as of June 30, 2024 and 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

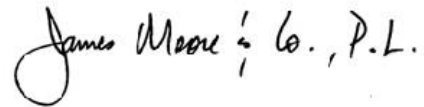
### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Foundation'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 the Foundation'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 black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
November 12, 2024

**SMA HEALTHCARE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b><u>ASSETS</u></b>  |                     |                     |
| <b>Current assets</b>   |                     |                     |
| Cash and cash equivalents - without donor restrictions                                  | \$ 394,366          | \$ 625,166          |
| Cash and cash equivalents - with donor restrictions                                     | 76,766              | 68,998              |
| Total current assets  | 471,132             | 694,164             |
| <b>Property and equipment, net</b>  | 3,088,623           | 3,361,609           |
| <b>Other assets</b>   |                     |                     |
| Investments - without donor restrictions  | 1,837,487           | 1,399,230           |
| Investments - with donor restrictions   | 1,725,885           | 1,184,484           |
| Investments in annuities  | 764,859             | 673,084             |
| Beneficial interest in charitable trust - with donor restrictions                       | 388,881             | 345,803             |
| Total other assets  | 4,717,112           | 3,602,601           |
| <b>Total Assets</b>   | <b>\$ 8,276,867</b> | <b>\$ 7,658,374</b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>  |                     |                     |
| <b>Current liabilities</b>  |                     |                     |
| Accounts payable  | \$ 293              | \$ 1,265            |
| Current portion of long-term debt, net of<br>unamortized debt issuance costs            | 182,416             | 189,776             |
| Deferred revenue  | -                   | 11,285              |
| Total current liabilities   | 182,709             | 202,326             |
| <b>Long-term debt, less current portion, net of<br/>unamortized debt issuance costs</b> | -                   | 176,025             |
| Total liabilities   | 182,709             | 378,351             |
| <b>Net assets</b>   |                     |                     |
| Without donor restrictions:   |                     |                     |
| Undesignated  | 2,996,419           | 2,684,930           |
| Invested in property and equipment, net of related debt                                 | 2,906,207           | 2,995,808           |
| Total without donor restrictions  | 5,902,626           | 5,680,738           |
| With donor restrictions:  |                     |                     |
| Purpose restrictions  | 1,802,651           | 1,253,482           |
| In perpetuity   | 388,881             | 345,803             |
| Total with donor restrictions   | 2,191,532           | 1,599,285           |
| Total net assets  | 8,094,158           | 7,280,023           |
| <b>Total Liabilities and Net Assets</b>   | <b>\$ 8,276,867</b> | <b>\$ 7,658,374</b> |

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

**SMA HEALTHCARE FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

|   | <b>2024</b>         | <b>2023</b>         |
|---|---------------------|---------------------|
| <b>Changes in net assets without donor restrictions</b>             |                     |                     |
| <b>Revenue, gains and other support</b>                             |                     |                     |
| Annual dinner revenue   | \$ 215,646          | \$ 186,435          |
| Grant revenue   | 12,500              | 25,000              |
| Membership dues   | 96                  | 88                  |
| Contributions   | 78,862              | 58,082              |
| In-kind contribution revenue  | 230,511             | 168,677             |
| Rent revenue  | 260,000             | 260,000             |
| Investment income (loss)  | 276,564             | 217,355             |
| Net assets released from donor restrictions                         | 124,024             | 59,439              |
| <b>Total revenue, gains and other support</b>                       | <b>1,198,203</b>    | <b>975,076</b>      |
| <b>Expenses</b>   |                     |                     |
| Program Activities  |                     |                     |
| Program support - SMA   | 360,585             | 385,320             |
| <b>Total program activities</b>                                     | <b>360,585</b>      | <b>385,320</b>      |
| Supporting Activities   |                     |                     |
| General and administrative services                                 |                     |                     |
| Professional services expense                                       | 12,250              | 5,100               |
| Bank and credit card expense  | 43                  | 1,839               |
| Other expenses  | 18,117              | 15,440              |
| <b>Total general and administrative services</b>                    | <b>30,410</b>       | <b>22,379</b>       |
| Fundraising Expenses  |                     |                     |
| In-kind services expense  | 230,511             | 168,677             |
| Dinner expense  | 48,453              | 38,062              |
| Special events expense  | 13,448              | 4,913               |
| Interest expense  | 19,911              | 20,226              |
| Depreciation expense  | 272,986             | 272,986             |
| Other fundraising expenses  | 11                  | -                   |
| <b>Total fundraising expenses</b>                                   | <b>585,320</b>      | <b>504,864</b>      |
| <b>Total supporting activities</b>                                  | <b>615,730</b>      | <b>527,243</b>      |
| <b>Total expenses</b>   | <b>976,315</b>      | <b>912,563</b>      |
| <b>Increase (decrease) in net assets without donor restrictions</b> | <b>221,888</b>      | <b>62,513</b>       |
| <b>Changes in net assets with donor restrictions</b>                |                     |                     |
| Contributions   | 558,082             | 1,088,701           |
| Investment income (loss)  | 115,111             | 11,568              |
| Change in beneficial interest in charitable trust                   | 43,078              | 24,030              |
| Net assets released from restrictions                               | (124,024)           | (59,439)            |
| <b>Increase (decrease) in net assets with donor restrictions</b>    | <b>592,247</b>      | <b>1,064,860</b>    |
| <b>Change in net assets</b>   | <b>814,135</b>      | <b>1,127,373</b>    |
| <b>Net Assets, beginning of year</b>                                | <b>7,280,023</b>    | <b>6,152,650</b>    |
| <b>Net Assets, end of year</b>                                      | <b>\$ 8,094,158</b> | <b>\$ 7,280,023</b> |

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

**SMA HEALTHCARE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

|   | <b>2024</b> | <b>2023</b>  |
|---|-------------|--------------|
| <b>Cash flows from operating activities</b>   |             |              |
| Change in net assets  | \$ 814,135  | \$ 1,127,373 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |             |              |
| Depreciation and amortization   | 283,338     | 276,934      |
| Change in beneficial interest in charitable trust   | (43,078)    | (24,030)     |
| Net realized (gain) loss on sale of investments   | (22,741)    | (36,178)     |
| Net unrealized (gain) loss on investments   | (179,871)   | (69,871)     |
| (Appreciation) depreciation in annuities  | (91,775)    | (66,262)     |
| (Increase) decrease in operating assets   |             |              |
| Prepaid assets  | -           | 2,500        |
| Increase (decrease) in operating liabilities  |             |              |
| Accounts payable  | (972)       | (26,257)     |
| Deferred revenue  | (11,285)    | 11,285       |
| Total adjustments   | (66,384)    | 68,121       |
| Net cash provided by (used in) operating activities   | 747,751     | 1,195,494    |
| <b>Cash flows from investing activities</b>   |             |              |
| Purchases of investments  | (2,386,027) | (1,826,411)  |
| Proceeds from sale of investments   | 1,608,981   | 1,235,076    |
| Net cash provided by (used in) investing activities   | (777,046)   | (591,335)    |
| <b>Cash flows from financing activities</b>   |             |              |
| Principal payments on long-term debt  | (193,737)   | (187,017)    |
| <b>Net change in cash and cash equivalents</b>  | (223,032)   | 417,142      |
| <b>Cash and cash equivalents, beginning of year</b>   | 694,164     | 277,022      |
| <b>Cash and cash equivalents, end of year</b>   | \$ 471,132  | \$ 694,164   |
| <b>Supplemental disclosure of cash flow information:</b>  |             |              |
| Cash paid during the year for interest  | \$ 9,559    | \$ 16,278    |
| <b>Cash and cash equivalents classified as:</b>   |             |              |
| Without donor restrictions  | \$ 394,366  | \$ 625,166   |
| With donor restrictions   | 76,766      | 68,998       |
|   | \$ 471,132  | \$ 694,164   |

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

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of SMA Healthcare Foundation, Inc. (the Foundation), which affect significant elements of the accompanying financial statements.

(a) **Nature of activities**—SMA Healthcare Foundation, Inc. was incorporated in 1997 as a tax-exempt charitable organization under the name Stewart-Marchman Foundation, Inc. The Foundation amended its name effective September 11, 2018, to the SMA Healthcare Foundation, Inc. The Foundation is a single-purpose foundation that exists to support the clients and programs of SMA Healthcare, Inc. (the Organization), which operates programs in Volusia, Flagler, Putnam, St. Johns, Marion, and Citrus Counties. The Foundation seeks outright and deferred gifts, grants, gifts-in-kind, and services to accomplish its mission.

(b) **Basis of accounting**—The Foundation uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal grants are recorded as support when performance occurs under the terms of the grant agreement.

(c) **Basis of presentation**—Net assets, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 (or certain grantor) 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 stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

(d) **Cash and cash equivalents**—For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

(e) **Investments**—Investments are comprised of stocks, bonds, mutual funds, managed funds, and annuities, and are stated at fair value. To calculate realized gain or loss on the disposition of investments and unrealized gains and losses, cost is determined by specific identification. All gains and losses and ordinary income from investments are accounted for as revenue without donor restrictions unless it is received with donor restrictions.



**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Beneficial interest in charitable trust held by others**—The Foundation was named a beneficiary of a charitable trust held and administered by independent trustees. This trust was created independently by a donor and is administered by outside agents designated by the donor. The Foundation has neither possession nor control over the assets of the trust. At the date notice is received of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in a charitable trust held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions.

(g) **Property and equipment**—The Foundation capitalizes all expenditures and donations in excess of \$2,500 for property and equipment additions, improvements, and major replacements. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The federal government has a reversionary interest in any assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the following estimated useful lives:

|                        |          |
|------------------------|----------|
| Buildings              | 25 years |
| Furniture and fixtures | 5 years  |

(h) **Debt issuance costs**—Debt issuance costs are included in long-term debt on the statement of financial position. Outstanding debt issuance costs are amortized over the life of the debt and included in interest expense. For the years ended June 30, 2024 and 2023, amortization was \$10,352 and \$3,948 for each year, respectively.

(i) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for fundraising events or contracted programs that apply to future periods. Deferred revenue as of June 30, 2024, 2023, and 2022 was \$0, \$11,285, and \$0, respectively.

(j) **Revenue and support with and without donor restrictions**—The Foundation reports contributions of cash and other assets as support with or without donor restrictions, depending on the existence of any donor restrictions, when received. When a donor 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 and reported in the statement of activities as net assets released from restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position.

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

The Foundation records special events and annual dinner revenue equal to the fair value of direct benefits to donors and contribution revenue for the difference. All goods and services are transferred at a point in time.

(k) **Donated materials and services**—The Foundation recognizes donated materials and services that create or enhance non-financial assets or that require skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Donated materials and services that meet the above criteria are recognized as revenues and are reported in the accompanying financial statements at their estimated fair value at the time of receipt. No amounts related to such services have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied, other than those provided by the Organization as discussed in Note (7).

(l) **Functional allocation of expenses**—The costs of program and supporting services activities have been presented in the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated between program, management, and fundraising services are allocated on the basis of estimates of time and impact.

(m) **Income taxes**—The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. Since the Foundation had no taxable unrelated business income during the years ended June 30, 2024 and 2023, no provision for income taxes is provided in the financial statements.

Management of the Foundation considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Foundation's status as a not-for-profit entity. Management believes the Foundation met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax, therefore no provision for income taxes has been provided in these financial statements. The Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(n) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

(o) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of existing accounting guidance during the year. The Foundation has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Foundation's reported financial position or operations in the near term.

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(1) **Summary of Significant Accounting Policies:** (Continued)

(p) **Subsequent events**—The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 12, 2024, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(2) **Liquidity and Availability:**

The Foundation strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|                           | <b>2024</b>  | <b>2023</b>  |
|---------------------------|--------------|--------------|
| Cash and cash equivalents | \$ 394,366   | \$ 625,166   |
| Operating investments     | 1,837,487    | 1,399,230    |
|                           | \$ 2,231,853 | \$ 2,024,396 |

Financial assets are subject to the spending policy of the Foundation as described in the investment policies. However, there are no spending requirements except for special situations recommended by the appropriation committee and approved by vote of the Board of Directors.

(3) **Investments and Fair Value Measurements:**

FASB *Accounting Standard Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.

*Level 2* – Inputs to the valuation methodology are based on inputs other than quoted prices included within level 1 that are observable for valuing the asset or liability, either directly or indirectly (i.e., interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar assets or liabilities in active or non-active markets. Level 2 inputs may also include insignificant adjustments to market observable inputs.

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(3) **Investments and Fair Value Measurements:** (Continued)

*Level 3* – Inputs to the valuation methodology are unobservable that reflect the Foundation’s own assumptions about assumptions that market participants would use in pricing the assets, based on the best information available in the circumstance.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. For the years ended June 30, 2024 and 2023, there were no significant transfers between Levels 1 and 2, and no purchases, issues, or transfers in or out of Level 3.

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2024 and 2023:

*Stocks, preferred and managed futures funds, bonds and certificates of deposit (CDs), and mutual funds* – Valued at fair value based on quoted market prices at year end, all Level 1 inputs.

*Limited partnership investments and investments in annuities* – Valued at the net asset value (NAV) of the investments made by the Foundation at year end. The NAV, as provided by the trustee or fund manager, is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments held by the fund less its liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables summarize the assets and liabilities of the Foundation for fair values that are determined on a recurring basis of as June 30:

| Description                          | Quoted Prices<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Fair Value          |
|--------------------------------------|----------------------------|--|--|---------------------|
| <b>June 30, 2024:</b>                |                            |  |  |                     |
| Registered investment companies:     |                            |  |  |                     |
| Stocks                               | \$ 1,473,317               | \$ -   | \$ -   | \$ 1,473,317        |
| Preferred and managed futures funds  | 102,827                    | -  | -  | 102,827             |
| Bonds and CDs                        | 1,587,313                  | -  | -  | 1,587,313           |
| Mutual funds – emerging markets      | 399,915                    | -  | -  | 399,915             |
| Total assets in fair value hierarchy | <u>\$ 3,563,372</u>        | <u>\$ -</u>                                      | <u>\$ -</u>  | <u>3,563,372</u>    |
| Investments measured at NAV*:        |                            |  |  |                     |
| Annuities                            |                            |  |  | 764,859             |
| Total assets at fair value           |                            |  |  | <u>\$ 4,328,231</u> |

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(3) **Investments and Fair Value Measurements:** (Continued)

| Description                          | Quoted Prices<br>(Level 1) | Significant<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Fair Value          |
|--------------------------------------|----------------------------|--|--|---------------------|
| <b>June 30, 2023:</b>                |                            |  |  |                     |
| Registered investment companies:     |                            |  |  |                     |
| Stocks                               | \$ 1,302,002               | \$ -   | \$ -   | \$ 1,302,002        |
| Preferred and managed futures funds  | 97,090                     | -  | -  | 97,090              |
| Bonds and CDs                        | 819,355                    | -  | -  | 819,355             |
| Mutual funds – emerging markets      | 365,267                    | -  | -  | 365,267             |
| Total assets in fair value hierarchy | <u>\$ 2,583,714</u>        | <u>\$ -</u>                                      | <u>\$ -</u>  | 2,583,714           |
| Investments measured at NAV*:        |                            |  |  |                     |
| Annuities                            |                            |  |  | 673,084             |
| Total assets at fair value           |                            |  |  | <u>\$ 3,256,798</u> |

\* In accordance with subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

The Foundation has also invested in deferred annuities on the lives of several current and former board members or employees. At the annuity dates on the respective annuities, which all occur in the long-term, the Foundation may elect to begin receiving periodic payments from the annuity, or defer such payments to a later date. After the death of the annuitants, the greater of the investments value or the death benefit of the annuitant will be disbursed to the Foundation.

Any change in value from the beginning of the year or the date of the investment is reflected in gain (loss) on annuities. The fair value of the assets is presented in the financial statements of the Foundation and is based on quoted market prices of the underlying investments in the annuity portfolio. At June 30, 2024 and 2023, the Foundation had a total of \$764,859 and \$673,084 in annuities with minimum death benefits totaling \$604,524 and \$572,502, respectively. The amounts of death benefits in excess of the fair value of the invested assets in the annuities (if any) have not been recorded in the financial statements of the Foundation. The cost basis of the annuities was \$251,768 at June 30, 2024 and 2023, and the unrealized gain was \$481,231 and \$425,859 at June 30, 2024 and 2023, respectively.

The following schedule summarizes the investment income (loss) for the years ended June 30:

|  | <u>2024</u>       | <u>2023</u>       |
|--|-------------------|-------------------|
| Interest and dividend income                 | \$ 116,340        | \$ 75,576         |
| Unrealized gain (loss) on investments        | 179,871           | 69,871            |
| Realized gains on investments                | 22,741            | 36,178            |
| Net appreciation (depreciation) in annuities | 91,775            | 66,262            |
| Investment fees expense                      | <u>(19,052)</u>   | <u>(18,964)</u>   |
| Total investment income (loss)               | <u>\$ 391,675</u> | <u>\$ 228,923</u> |

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(4) **Property and Equipment:**

Property and equipment consists of the following at June 30:

|                                | <b>2024</b>  | <b>2023</b>  |
|--------------------------------|--------------|--------------|
| Land                           | \$ 133,100   | \$ 133,100   |
| Buildings                      | 6,824,658    | 6,824,658    |
| Furniture and fixtures         | 308,272      | 308,272      |
|                                | 7,266,030    | 7,266,030    |
| Less: Accumulated depreciation | 4,177,407    | 3,904,421    |
| Property and equipment, net    | \$ 3,088,623 | \$ 3,361,609 |

For the years ended June 30, 2024 and 2023, depreciation expense was \$272,986 and \$272,986, respectively.

(5) **Long-term Debt:**

Long-term debt consisted of the following at June 30:

|  | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| Note payable to a financial institution, payable in monthly installments of \$16,941, including tax-exempt interest rate of 3.23% through July 2028, collateralized by certain land and buildings. | \$ 192,768  | \$ 386,505  |
|  | 192,768     | 386,505     |
| Less: Current portion  | (182,416)   | (189,776)   |
| Less: Unamortized debt issuance costs  | (10,352)    | (20,704)    |
| Total long-term debt   | \$ -        | \$ 176,025  |

Aggregate principal payments on long-term debt in the succeeding years are due as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Amount</b> |
|---------------------------------|---------------|
| 2025                            | \$ 192,768    |
|                                 | \$ 192,768    |

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**(6) Net Assets with Donor Restrictions:**

*Purpose Restricted For Future Periods*

At June 30, net assets with donor restrictions over purpose consisted of the following amounts subject to expenditure for the specified purpose:

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Project WARM                              | \$ 32,252           | \$ 24,484           |
| Jay's Hope Fund (mental health services)  | 135,793             | 126,492             |
| Larry and Joan Kelly Scholarship Fund     | 141,902             | 107,992             |
| Simpkins Donation (grant writer services) | 9,194               | 9,194               |
| UF Research / Gale Lemerand               | 941,853             | 950,000             |
| Montgomery Trust (non-operating uses)     | 35,320              | 35,320              |
| Brown & Brown Investment Fund             | 506,337             | -                   |
|   | <u>\$ 1,802,651</u> | <u>\$ 1,253,482</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

|  | <u>2024</u>       | <u>2023</u>      |
|--|-------------------|------------------|
| Project WARM                                 | \$ 4,777          | \$ -             |
| Jay's Hope Fund (mental health services)     | 54,247            | 45,171           |
| UF Research / Gale Lemerand Restricted       | 65,000            | -                |
| Simpkins Donation (grant writer services)    | -                 | 10,774           |
| Clay Electric Grant (Drop-In Center laptops) | -                 | 3,494            |
|  | <u>\$ 124,024</u> | <u>\$ 59,439</u> |

*In Perpetuity*

At June 30, 2024 and 2023, the Foundation had net assets restricted in perpetuity totaling \$388,881 and \$345,803, respectively. The entire amounts in each year relate to a beneficial interest in a single charitable trust for which the corpus is to be held intact in perpetuity. Annually, 75% of the trust's net growth is distributed to the Foundation while 25% of the net growth is added to the permanently restricted balance of the trust. The annual distribution is restricted to the end of the year balance being limited to the previous year's end balance or the high-water mark, whichever is larger. The Foundation has been unconditionally identified by the trustee as the beneficiary so long as the Foundation maintains its 501(c)(3) tax-exempt status.

**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(6) **Net Assets with Donor Restrictions:** (Continued)

The following table represents information about the changes in fair value of the beneficial interest in charitable trust for the years ended June 30, which is measured at fair value on a recurring basis using significant unobservable inputs, a Level 3 measurement of fair value, as defined in Note (3):

|                                   | <b>2024</b> | <b>2023</b> |
|-----------------------------------|-------------|-------------|
| Balance, beginning of fiscal year | \$ 345,803  | \$ 321,773  |
| Change in value                   | 43,078      | 24,030      |
| Balance, end of fiscal year       | \$ 388,881  | \$ 345,803  |

(7) **Related Party Transactions:**

On September 29, 1997, SMA Healthcare Foundation, Inc. (the Foundation) was formed. The purpose of the Foundation is to seek and receive planned and/or outright gifts whose earnings can be used to promote and support only SMA Healthcare, Inc. (the Organization) activities. The beneficial interest in assets held by the Foundation is recorded on the Organization's financial statements.

The Foundation awards one-time uses of Foundation monies to benefit the Organization. During the years ended June 30, 2024 and 2023, these monies totaled \$360,585 and \$385,320, respectively. For the years ended June 30, 2024 and 2023, the Foundation had no payables to the Organization.

The Organization provides the Foundation with administrative, fundraising, and support services. During the years ended June 30, 2024 and 2023, the Organization provided the Foundation with in-kind services recognized within revenue of \$230,511 and \$168,677, respectively. The contributed services recognized are comprised of the salaries and related benefits of Organization staff whose services are limited to Foundation operations and are reported at the full rate paid by the Organization to the personnel.

The operating lease entered into with the Organization is for the Vince Carter Sanctuary treatment center. The lease expires on December 31, 2028, and provides for annual base rent of \$260,000, payable monthly at \$21,667. For the years ended June 30, 2024 and 2023, the total amount paid for rent to the Foundation by the Organization was \$260,000. For the years ended June 30, 2024 and 2023, the Foundation had no receivables from the Organization related to this lease. The underlying assets of this operating lease are all the property and equipment described at Note (4), including the related cost, accumulated depreciation, and annual depreciation expense. The annual undiscounted cash flows of the operating lease payments to be received from the Organization for the Vince Carter Sanctuary treatment center are as follows:

| <b>Year Ending<br/>June 30,</b> | <b>Amount</b> |
|---------------------------------|---------------|
| 2025                            | \$ 260,000    |
| 2026                            | 260,000       |
| 2027                            | 260,000       |
| 2028                            | 260,000       |
| 2029                            | 130,000       |
|                                 | \$ 1,170,000  |



**SMA HEALTHCARE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

(8) **Concentrations:**

Significant concentrations of credit risk for all financial instruments owned by the Organization are as follows:

(a) **Concentrations of credit risk**—The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates of net accounts receivable and because substantial portions of the outstanding amounts are due from governmental agencies. Investments are made by investment managers whose performance is monitored by the Board of Directors. Although the fair values of investments and annuities are subject to fluctuation on a year-to-year basis, the Foundation believes the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

(b) **Concentration of revenue**—The Foundation is highly dependent various sources of revenue. For the years ended June 30, the Foundation received the following percentages of total revenue derived from the following sources:

|   | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Contributions   | 36%         | 56%         |
| Rental revenue from the Organization                    | 15%         | 13%         |
| In-kind contributions of salaries from the Organization | 13%         | 8%          |
| Annual dinner revenue                                   | 12%         | 10%         |
| Investment income                                       | 22%         | 11%         |