

ANN STORCK CENTER, INC., AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

SEPTEMBER 30, 2020 AND 2019

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TABLE OF CONTENTS

	PAGE(S)
Independent Auditors' Report	1-2
 FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-13
 SUPPLEMENTARY INFORMATION	
Consolidated Schedules of Functional Expenses	14-15
Consolidated Schedules of Operating Revenues by Source	16
 INTERNAL CONTROL AND COMPLIANCE	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ann Storck Center, Inc. and Subsidiary
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Ann Storck Center, Inc., and Subsidiary (a not-for-profit organization) (together the "Organization"), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Ann Storck Center, Inc. and Subsidiary as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 15 and 16 and the schedules of operating revenues by source on page 17 (the "Schedules") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Miramar, Florida
December 23, 2020

ANN STORCK CENTER, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,049,364	\$ 2,594,896
Restricted cash:		
Resident escrow	250,878	181,669
Grants and contracts receivable	1,651,133	1,456,571
Unconditional promises to give	37,000	27,000
Other receivables	691,802	711,450
Prepaid expenses	<u>33,761</u>	<u>36,304</u>
Total current assets	<u>5,713,938</u>	<u>5,007,890</u>
Non-current assets:		
Unconditional promises to give, net of discount	40,000	57,000
Property and equipment, net of accumulated depreciation	2,477,555	2,060,874
Deposits and other assets	<u>4,183</u>	<u>4,183</u>
Total non-current assets	<u>2,521,738</u>	<u>2,122,057</u>
Total Assets	<u>\$ 8,235,676</u>	<u>\$ 7,129,947</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 33,970	\$ 61,469
Accrued expenses	726,696	700,054
Resident escrow accounts	<u>250,874</u>	<u>181,669</u>
Total current liabilities	<u>1,011,540</u>	<u>943,192</u>
Net assets:		
Net assets without donor restrictions	5,132,436	6,186,755
Net assets with donor restrictions	<u>2,091,700</u>	<u>-</u>
Total net assets	<u>7,224,136</u>	<u>6,186,755</u>
Total Liabilities and Net Assets	<u>\$ 8,235,676</u>	<u>\$ 7,129,947</u>

The accompanying notes are an integral part of these statements.

ANN STORCK CENTER, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020 AND 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER SUPPORT				
Resident services	\$ 11,902,725	\$ -	\$ 11,902,725	\$ 12,570,386
Other support	1,215,331	2,091,700	3,307,031	1,550,646
Donations and fundraising	215,919	-	215,919	293,580
Grant income	99,438	-	99,438	355,316
Special events	27,516	-	27,516	179,882
Interest income	<u>13,059</u>	<u>-</u>	<u>13,059</u>	<u>31,328</u>
Total revenue and other support	<u>13,473,988</u>	<u>2,091,700</u>	<u>15,565,688</u>	<u>14,981,138</u>
EXPENSES AND LOSSES				
Expenses:				
Program services	13,515,287	-	13,515,287	13,183,141
Management and general	845,436	-	845,436	1,357,003
Fundraising	<u>167,584</u>	<u>-</u>	<u>167,584</u>	<u>228,900</u>
Total expenses and losses	<u>14,528,307</u>	<u>-</u>	<u>14,528,307</u>	<u>14,769,044</u>
Increase (decrease) in net assets without donor restrictions	(1,054,319)	-	(1,054,319)	212,094
Increase (decrease) in net assets with donor restrictions	<u>-</u>	<u>2,091,700</u>	<u>2,091,700</u>	<u>-</u>
Change in net assets	(1,054,319)	2,091,700	1,037,381	212,094
Net assets without donor restrictions, beginning of year	6,186,755	-	6,186,755	<u>5,974,661</u>
Net assets with donor restrictions, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 5,132,436</u>	<u>\$ 2,091,700</u>	<u>\$ 7,224,136</u>	<u>\$ 6,186,775</u>

The accompanying notes are an integral part of these statements.

**ANN STORCK CENTER, INC., AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,037,381	\$ 212,094
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for depreciation	333,270	387,434
Donated fixed assets	-	6,186
Changes in assets and liabilities:		
(Increase) decrease in grants and contracts receivables	(194,562)	297,541
Decrease in unconditional promises to give	7,000	123,835
(Increase) decrease in other receivables	19,648	(512,044)
(Increase) decrease in prepaid expenses	2,543	(2,515)
Decrease in accounts payable	(27,499)	(273,197)
Increase in accrued expenses	<u>26,642</u>	<u>256,102</u>
Net cash provided by operating activities	<u>1,204,423</u>	<u>495,436</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(749,955)</u>	<u>(473,096)</u>
Net increase (decrease) in cash and cash equivalents	454,468	22,340
Cash and cash equivalents, at beginning of year	<u>2,594,896</u>	<u>2,572,556</u>
Cash and cash equivalents, at end of year	<u>\$ 3,049,364</u>	<u>\$ 2,594,896</u>

The accompanying notes are an integral part of these statements.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 1 - Organization and Operations

The Ann Storck Center, Inc. (the “Center”), is a nationally accredited, highly acclaimed Florida not-for-profit organization serving the needs of children and adults in South Florida who present severe and multiple developmental disabilities including epilepsy, cerebral palsy, autism, and intellectual disabilities. The Center offers residential, preschool, adult day training, therapies, and an expressive arts program. The Center was incorporated under the laws of the State of Florida on December 23, 1981.

The consolidated financial statements include the accounts and transactions of the Center and Project Hope Foundation, Inc. (“Project Hope”), (together the “Organization”) a Florida not-for-profit organization founded exclusively for the support and benefit, and to carry out the charitable purposes of the Center. It is supported by restricted contributions and bequests from the general public.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions include resources that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time. Net assets without donor restrictions may also include resources restricted by donor imposed criteria for which the restrictions are met within the same time period as the fund are received.

Net assets with donor restrictions include resources subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of ASC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds are maintained in perpetuity.

Principles of consolidation

The consolidated financial statements of the Organization include the accounts of its subsidiary, Project Hope. The members of the Organization elect the board of directors of Project Hope. All members of Project Hope’s board also serve on the Organization’s board of directors. All significant intercompany balances and transactions have been eliminated in consolidation.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 2 - Summary of Significant Accounting Policies (cont'd)

Use of estimates

The presentation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Statement of cash flows and cash equivalents

For purposes of the consolidated statement of cash flows, the Organization utilizes the indirect method and considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Donated services

Donated services provided by volunteers in connection with the various programs are not recorded. The value of this contributed time is not reflected in the accompanying consolidated financial statements since such services do not meet the requirements for recognition under ASC 958-605, *Revenue Recognition*.

Donated goods

Donated goods are recorded at their fair market value at the date the contribution is made and are amortized over the useful life.

Property and equipment

It is the Organization's policy to capitalize all property and equipment acquisitions in excess of \$500. Property and equipment is carried at cost if purchased, or if donated, at fair value on the date of donation, less accumulated depreciation. The Organization follows the policy of providing for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Buildings and improvements	7-40 years
Vehicles	10 years
Equipment	7-10 years
Furniture and fixtures	7-15 years
Preconstruction costs	10 years

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renovations are capitalized.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 2 - Summary of Significant Accounting Policies (cont'd)

Donations of property and equipment are reported as unrestricted support 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 restricted support. Without donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time.

Promises to give

Pledges are recognized as revenue in the period received if proper documentation exists to support such pledge, otherwise they are recognized only when payment is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are evaluated at the end of each fiscal year as to their collectability. If a pledge is deemed to not be collectible, the pledge is written off. Collection on accounts previously written off is included in revenue as received.

Grants and contracts receivable

The Organization is located and operates in Broward County, Florida. The concentration of credit is with local and State of Florida government agencies. All receivables are governmental in nature whether state or local. Management periodically reviews the receivable balances and provides an allowance for amounts which may ultimately be uncollectible. Grants and contracts receivable are presented net of a provision for uncollectible amounts in the accompanying financial statements.

Functional expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Fundraising activities

The Organization's financial statements follow the guidelines prescribed by ASC 720-05, *Other Expenses*. This ASC establishes criteria for accounting and reporting of joint costs for certain entities that solicit contributions.

Advertising cost

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expenses totaled \$1,902 and \$1,548 for 2020 and 2019, respectively.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 2 - Summary of Significant Accounting Policies (cont'd)

Income taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is required as of September 30, 2020 and 2019.

Accounting for uncertainty in income taxes

The FASB ASC interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

This interpretation must be applied to all existing tax positions. The cumulative effect, if any, is to be reported as an adjustment to operating net assets. This interpretation will require management of the Organization to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and states. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last three tax year ends and the interim tax period since then). The Center has no examination in progress.

Management believes that the Center is no longer subject to income tax examination by federal and state tax authorities for fiscal years before September 30, 2017.

Reclassifications

Certain accounts in the 2019 consolidated financial statements may have been reclassified to conform to the 2020 presentation.

Note 3 - Restricted Cash

The Organization is the trustee for funds received from the State of Florida and resident escrow funds which are expended on behalf of residents. Restricted cash totaled \$250,878 and \$181,669 as of September 30, 2020 and 2019, respectively. The Organization has fiduciary responsibility for the administration of the bank accounts and the distribution of the funds to the residents.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 4 - Grants and Contracts Receivable

The Organization renders services to clients under contractual agreements with Florida Medicaid and other grant agencies. These agreements require the Organization to apply for renewal. Certain agreements provide for termination by either party upon thirty days written notice. As of September 30, 2020 and 2019, the remaining amount of Federal, state and other financial assistance receivable from grantors for reimbursement of eligible expenditures incurred by the Organization totaled \$1,651,133 and \$1,456,571, respectively.

Note 5 - Unconditional Promises to Give

Unconditional promises to give are summarized as follows at September 30:

	<u>2020</u>	<u>2019</u>
Receivable in one year	\$ 37,000	\$ 27,000
Receivable in years two to three	40,000	47,000
Receivable in years four to ten	<u>-</u>	<u>10,000</u>
Total unconditional promises to give	-	84,000
Less: discounts to net present value	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 77,000</u>	<u>\$ 84,000</u>

Note 6 - Property and Equipment

Property and equipment consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 5,750,260	\$ 5,000,811
Vehicles	1,677,961	1,677,961
Equipment	757,689	757,689
Furniture and fixtures	<u>362,341</u>	<u>361,840</u>
	8,548,252	7,798,301
Less: accumulated depreciation	<u>(6,226,723)</u>	<u>(5,893,453)</u>
	2,321,529	1,904,848
Land	<u>156,026</u>	<u>156,026</u>
Total fixed assets	<u>\$ 2,477,555</u>	<u>\$ 2,060,874</u>

Depreciation expense totaled \$333,270 and \$387,434 for fiscal year ending September 30, 2020 and 2019, respectively.

ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Note 7 - Credit Risk and Concentrations

The Organization maintains cash depository accounts at various financial institutions. At times, the balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit; however, the Organization has not experienced any losses and does not believe that it is exposed to significant risk associated with its cash. The Organization cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

For the years ended September 30, 2020 and 2019, grants and contracts receivable of approximately \$1,651,133 and \$1,456,571 respectively were due from the State of Florida's Medicaid, Medwaiver, and Florida Housing Finance contracts. The Organization receives a substantial amount of its program service fees from the State of Florida, a significant reduction in the level of funding would have an adverse effect on the Organization's programs and activities.

The Organization operates an Intermediate Care Facility for the Mentally Retarded and Developmentally Disabled (ICF/MR-DD) licensed by the State of Florida and funded under the Medicaid program. The Medicaid program in the State of Florida is reimbursed at an all-inclusive per diem rate. The per diem rates are prospectively determined and are subject to retroactive adjustments. The Medicaid program requires annual program surveys. The most recent program surveys resulted in continued licensure and funding. For the years ended September 30, 2020 and 2019, Medicaid revenue represented approximately 58% and 84% respectively.

Note 8 - Lease of Land

The Organization previously entered into a land lease agreement with the City of Fort Lauderdale, Florida, which expires on July 1, 2032. During fiscal year 2020, the lease was renewed for an additional term of 50 years and will expire in 2082. The lease provides for an annual rental payment of \$1.00.

If the lease expires or is terminated for cause, the facilities constructed on this property will revert to the City of Fort Lauderdale, Florida.

Note 9 - Commitments and Contingencies

The Organization receives the vast majority of its funding from the Medicaid Program Intermediate Care Facilities for Intellectual Disabilities clients. Currently, the Organization is involved with two separate facilities, one as a provider with direct access to Medicaid and one under contractual agreements with the Florida Department of Health and Rehabilitative Services. The reimbursement rate for the Organization, as a provider is set annually by filing cost reports with Medicaid. The rate as a contractor is also set by filing cost reports with Medicaid; however, the property expense component of the cost rate is restricted in use. All of the expenses from these programs are subject to audit and disallowance of some expenditure is a possibility.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 9 - Commitments and Contingencies (cont'd)

Litigation

From time-to-time, the Organization is subject to litigation that arises in the ordinary course of conducting activities. In management's opinion, the resolution of litigation matters, if any, would not have a material effect on the financial position of the Organization at September 30, 2020 and 2019.

Note 10 - Related Party

The Organization owns a separate Corporation named Gizmo House, Inc. This Corporation constructed a very advanced residence for residents that meet the appropriate criteria. Funding requirements made it necessary to form a separate corporation; however, the majority of the funding, other than mortgages, was provided by the Organization. Gizmo House, Inc. has six residents in a new "technologically advanced" home. The Organization pays rent to the Columbia Group on behalf of the residents. The rent assists in payment of the utilities, property insurance, lawn maintenance, and repairs of the home. The Department of Housing and Urban Development (HUD) assists the Gizmo House, Inc. by subsidizing the rent of the Organization to assist the Organization with the cost of the home. Gizmo House, Inc. entered into a lease agreement with the Organization which shall continue for a term of 12 months, however, this lease automatically renews until terminated or altered as agreed by the parties or terminated by either party within 30 days' notice. During the years ended September 30, 2020 and 2019, rent expense under the lease agreement amounted to \$20,577 and \$20,038, respectively.

The asset values of Gizmo House, Inc. as of September 30, 2020 and 2019 are approximately \$456,884 and \$467,445, respectively, and a loan is recorded from HUD in the approximate amount of \$311,500 for both years. Gizmo House, Inc. sustained operating gain in the fiscal year ended September 30, 2020 of \$23,017 and net losses in 2019 of \$(19,616) and had an ending net asset balance of \$121,829 and \$113,109, respectively.

Note 11 - Endowment

The Organization has been named as a beneficiary of an endowment held by the Miami Foundation (the "Foundation"). Distributions from the endowment for Organization purposes are only to be made with the approval and authorization of the Board of Directors of the Foundation and the funds are the property of the Foundation. As such, they are not reflected as an asset of the Organization. The Organization is entitled to receive an annual distribution based on terms set forth in the establishment agreement as long as it does not invade the original corpus of the endowment. The ending asset value of this designated fund at September 30, 2020 and 2019 was approximately \$1,189,658 and \$1,218,398, respectively. The Organization received distributions from its endowment of \$65,114 and \$65,124 for the years ended 2020 and 2019, respectively.

**ANN STORCK CENTER, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Note 12 - Liquidity and Availability of Resources

The following represents ASC's financial assets at September 30, 2020 and 2019 that are available within one year of the balance sheet date to support general expenses.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,049,364	\$ 2,594,896
Grant and contracts receivable, net	1,651,133	1,456,571
Unconditional promises to give	37,000	27,000
Other receivables	<u>691,802</u>	<u>711,450</u>
Financial assets, at year end	5,429,299	4,789,917
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	<u>(2,091,700)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,337,599</u>	<u>\$ 4,789,917</u>

ASC's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions.

Note 13 - Payroll Protection Loan

In wake of the Coronavirus (COVID-19) crisis, the Small business Association (SBA) provided loans under the Paycheck Protection Program (PPP). These loans were designed to allow businesses to keep their workforce employed during the COVID-19 crises. The SBA will forgive the COVID-19 loan if all employee retention criteria are met and funds are used for eligible expenses.

The Organization's PPP loan amount is \$2,091,700. The Organization is in the process of completing the necessary loan forgiveness documentation; hence, the amount is reported as net assets with donor restrictions.

Note 14 - Subsequent Events

Subsequent events have been evaluated through December 23, 2020, which is the date the consolidated financial statements were available to be issued.

The spread of the COVID-19 has severely impacted many local economies; economic uncertainties have arisen which have disrupted business operations for long or indefinite periods of time.

The Organization was a plaintiff in an insurance lawsuit; the claim was settled in December 2020.

ANN STORCK CENTER, INC., AND SUBSIDIARY
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**ANN STORCK CENTER, INC., AND SUBSIDIARY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2020**

	PROGRAM SERVICES													Total Program Services	Management and General	General Fundraising	Total Expenses			
				ICFMR		Group Homes					Marvin Gutter									
	Preschool	ADT Develop- mental Training	Hi-Ability	Ann Storck Center	Pembroke Pines Cluster	Melrose	Oakwood	75 th Terrace	Gizmo House											
PERSONNEL COSTS:																				
Salaries	\$ 796,003	\$ 436,227	\$ 186,052	\$ 4,261,814	\$ 1,687,805	\$ 363,655	\$ 365,499	\$ 405,601	\$ 326,997	\$ -	\$ 8,829,653	\$ 397,374	\$ 85,521	\$ 9,312,548						
Payroll taxes	60,807	33,019	11,703	292,558	121,404	27,820	27,167	31,028	23,727	-	629,233	49,394	5,904	684,531						
Health insurance	65,944	42,435	3,961	252,892	176,298	29,849	36,891	31,505	30,022	-	669,797	60,930	19,295	750,022						
Insurance - worker's compensation	18,919	13,500	8,727	97,421	46,454	8,303	9,022	8,403	7,716	-	218,465	17,059	3,532	239,056						
403B contribution match	322	1,682	4	4,882	3,553	146	590	152	566	-	11,897	2,487	-	14,384						
Total personnel costs	<u>941,995</u>	<u>526,863</u>	<u>210,447</u>	<u>4,909,567</u>	<u>2,035,514</u>	<u>429,773</u>	<u>439,169</u>	<u>476,689</u>	<u>389,028</u>	<u>-</u>	<u>10,359,045</u>	<u>527,244</u>	<u>114,252</u>	<u>11,000,541</u>						
OTHER EXPENSES:																				
Outside services	10,612	12,559	28,673	444,642	283,292	6,583	8,441	10,567	5,764	609	811,742	135,149	9,550	955,832						
Therapies	-	-	-	37,300	24,330	-	-	-	-	-	61,630	-	-	61,630						
Medical supplies and doctors	-	-	690	452,568	207,386	2,877	2,677	1,359	4,946	-	672,503	-	-	672,503						
Accounting and auditing	-	-	-	-	-	-	-	11,981	-	-	11,981	42,543	-	54,524						
Food costs	15,532	8,579	-	124,034	58,516	13,329	11,124	-	13,559	-	244,673	-	-	244,673						
Utilities	16,601	26,224	1,614	82,874	40,427	8,921	10,545	6,301	-	-	193,507	13,901	-	207,408						
Repairs and maintenance	15,603	17,078	-	155,479	-	12,769	16,421	12,612	9,271	-	239,233	-	-	239,233						
Insurance - property and general liability	17,974	29,818	66	140,524	36,277	14,075	11,356	11,065	7,575	-	268,730	18,558	-	287,288						
Client program supplies	28,581	677	3,037	10,744	4,840	1,646	208	1,271	319	-	51,323	-	4,588	55,911						
Training and seminars	250	48	1,002	292	176	120	110	112	112	-	2,222	389	15	2,626						
Auto expense	1,576	3,180	81	64,709	13,683	4,211	3,351	3,965	2,964	-	97,720	5,509	-	103,229						
Special events	33	-	-	3,213	699	-	-	255	-	-	4,200	2,161	36,243	42,604						
Bank charges	365	-	-	9,671	1,024	34,352	-	-	-	-	45,412	16,009	184	61,605						
Telephone	3,097	1,034	-	8,725	15,492	3,783	3,266	4,939	94	-	40,430	3,347	317	44,094						
Legal fees	-	-	-	7,791	-	-	-	-	-	-	7,791	1,540	-	9,331						
Minor equipment purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Office expense	2,921	734	722	18,348	2,749	275	94	99	517	-	26,459	14,094	1,335	41,888						
Employee exams	1,890	140	1,874	6,191	3,383	474	717	366	500	-	15,535	4,603	28	20,166						
Rentals	690	690	-	8,050	-	2,643	2,643	2,643	23,220	-	40,579	1,598	-	42,177						
Advertising public relations	-	-	-	125	-	-	-	-	-	-	125	1,676	145	1,946						
Dues and subscriptions	26	320	-	4,225	4,510	-	-	-	-	-	9,081	17,989	927	27,997						
Bad debts	-	554	2,261	14,406	-	-	-	-	-	-	17,221	-	-	17,221						
Total expenses before provision for depreciation, interest, and bond cost amortization	1,057,746	628,498	250,467	6,503,478	2,732,298	535,831	510,122	544,224	457,869	609	13,221,142	806,310	167,584	14,195,036						
Provision for depreciation and bond cost amortization	13,038	1,313	-	158,626	52,089	5,109	34,006	5,391	24,573	-	294,145	39,126	-	333,271						
Total expenses	<u>\$ 1,070,784</u>	<u>\$ 629,811</u>	<u>\$ 250,467</u>	<u>\$ 6,662,104</u>	<u>\$ 2,784,387</u>	<u>\$ 540,940</u>	<u>\$ 544,128</u>	<u>\$ 549,615</u>	<u>\$ 482,442</u>	<u>\$ 609</u>	<u>\$13,515,287</u>	<u>\$ 845,436</u>	<u>\$ 167,584</u>	<u>\$ 14,528,307</u>						

**ANN STORCK CENTER, INC., AND SUBSIDIARY
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2019**

	PROGRAM SERVICES										Total Program Services	Management and General	General Fundraising	Total Expenses
				ICFMR		Group Homes								
	Preschool	ADT Develop- mental Training	Hi-Ability	Ann Storck Center	Pembroke Pines Cluster	Melrose	Oakwood	75 th Terrace	Gizmo House	Marvin Gutter				
PERSONNEL COSTS:														
Salaries	\$ 706,171	\$ 487,523	\$ 292,375	\$ 3,373,610	\$ 1,646,054	\$ 351,160	\$ 328,523	\$ 383,795	\$ 324,920	\$ -	\$ 7,894,131	\$ 898,549	\$ 86,890	\$ 8,879,570
Payroll taxes	51,569	33,005	30,691	254,492	121,289	27,379	24,130	23,165	24,467	-	590,187	63,627	6,611	660,425
Health insurance	66,518	41,472	-	240,267	181,938	28,392	35,850	30,025	29,173	-	653,635	85,796	18,370	757,801
Insurance - worker's compensation	34,157	12,713	7,946	73,241	57,746	7,929	9,508	8,047	8,556	-	219,843	17,942	4,063	241,848
403B contribution match	524	2,089	177	7,164	7,105	199	660	454	464	-	18,836	1,755	134	20,725
Total personnel costs	<u>858,939</u>	<u>576,802</u>	<u>331,189</u>	<u>3,948,774</u>	<u>2,014,132</u>	<u>415,059</u>	<u>398,671</u>	<u>445,486</u>	<u>387,580</u>	<u>-</u>	<u>9,376,632</u>	<u>1,067,669</u>	<u>116,068</u>	<u>10,560,369</u>
OTHER EXPENSES:														
Outside services	11,585	9,407	-	463,767	217,045	5,504	6,423	5,721	5,597	11,169	736,218	134,342	29,389	899,949
Therapies	-	-	2,868	59,512	32,342	26,478	-	2,150	-	-	123,350	-	-	123,350
Medical supplies and doctors	4,337	-	-	398,247	299,258	3,074	7,439	1,037	5,183	-	718,575	-	-	718,575
Accounting and auditing	2,283	1,875	1,819	15,796	11,290	1,446	1,343	1,621	1,392	-	38,865	1,660	638	41,163
Food costs	28,149	17,828	-	103,108	48,806	17,155	13,217	13,635	16,608	-	258,506	-	-	258,506
Utilities	17,885	30,049	56	97,543	48,401	13,997	11,600	10,220	-	-	229,751	15,261	15	245,027
Repairs and maintenance	44,402	36,857	183	304,818	101,513	20,351	10,659	12,878	1,989	-	533,650	10,617	125	544,392
Insurance - property and general liability	15,154	18,817	1,083	148,341	43,018	12,350	11,891	11,785	7,431	-	269,870	13,371	1,950	285,191
Client program supplies	68,232	1,578	319	15,285	4,936	1,448	126	331	18	-	92,273	1,705	-	93,978
Training and seminars	696	624	555	10,449	2,786	1,144	787	-	517	-	17,558	-	195	17,753
Auto expense	337	5,115	-	62,521	5,259	4,169	2,462	1,259	813	-	81,935	3,151	-	85,086
Special events	168	-	-	263	76	-	-	-	-	-	507	13,244	40,601	54,352
Bank charges	382	605	587	10,472	3,521	477	433	526	449	-	17,452	2,407	145	20,004
Telephone	1,776	477	-	4,936	14,495	3,172	1,961	3,667	254	-	30,738	1,966	191	32,895
Legal fees	-	-	-	1,740	-	-	-	-	-	-	1,740	10,284	-	12,024
Minor equipment purchase	-	-	-	-	-	45	158	256	-	-	459	-	-	459
Office expense	7,831	11,676	13,308	42,213	6,289	1,126	2,248	2,854	875	-	88,420	31,917	26,423	146,760
Employee exams	3,570	807	1,050	15,407	7,522	1,010	1,050	1,950	1,104	-	33,470	2,015	1,093	36,578
Rentals	626	-	-	9,085	-	1,731	1,731	1,731	21,769	-	36,673	1,701	-	38,374
Advertising public relations	-	-	1,148	-	-	-	-	-	-	-	1,148	-	15	1,163
Dues and subscriptions	3,053	2,893	2,186	40,984	21,111	3,830	1,636	2,726	1,711	-	80,130	6,567	12,052	98,749
Bad debts	-	-	66,914	-	-	-	-	-	-	-	66,914	-	-	66,914
Total expenses before provision for depreciation, interest and bond cost amortization	1,069,405	715,410	423,265	5,753,261	2,881,800	533,566	473,835	519,833	453,290	11,169	12,834,834	1,317,877	228,900	14,381,611
Provision for depreciation and bond cost amortization	12,825	1,195	-	213,119	52,089	5,109	34,006	5,391	24,573	-	348,307	39,126	-	387,433
Total expenses	<u>\$1,082,230</u>	<u>\$ 716,605</u>	<u>\$ 423,265</u>	<u>\$ 5,966,380</u>	<u>\$ 2,933,889</u>	<u>\$ 538,675</u>	<u>\$ 507,841</u>	<u>\$ 525,224</u>	<u>\$ 477,863</u>	<u>\$ 11,169</u>	<u>\$ 13,183,141</u>	<u>\$ 1,357,003</u>	<u>\$ 228,900</u>	<u>\$ 14,769,044</u>

ANN STORCK CENTER, INC., AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF OPERATING REVENUES BY SOURCE
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Resident services revenue:		
Medicaid residential intermediate care facility for the individuals with intellectual disabilities - Ann Storck Center	\$ 6,284,307	\$ 6,377,999
Pines Cluster	2,770,677	3,203,246
Medicaid waiver - group home	2,251,319	2,401,421
Other program services	580,863	547,540
Medicaid waiver - transportation	<u>15,559</u>	<u>40,180</u>
Total resident services revenue	<u>\$ 11,902,725</u>	<u>\$ 12,570,386</u>
 Other support:		
School Board of Broward County, Florida	\$ 427,848	\$ 492,109
Broward County Children’s Services Council	213,885	239,752
Miscellaneous	557,384	234,473
State of Florida Department of Education - food program	15,331	27,312
Insurance claim proceeds	-	557,000
Broward County Florida - grants	-	-
PPP COVID-19 funding	<u>2,091,700</u>	<u>-</u>
Total other support	<u>\$ 3,306,148</u>	<u>\$ 1,550,646</u>

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



ANTHONY BRUNSON P.A.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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

To the Board of Directors
Ann Storck Center, Inc., and Subsidiary
Fort Lauderdale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, consolidated financial statements of the Ann Storck Center, Inc. and Subsidiary (a not-for-profit organization) (the "Organization"), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Miramar, Florida
December 23, 2020