

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY**

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
TABLE OF CONTENTS
JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
COMPLIANCE SECTION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED <i>IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</i>	17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Andrew Bay Center, Inc. dba The Arc of the Bay

Opinion

We have audited the accompanying financial statements of St. Andrew Bay Center, Inc. dba The Arc of the Bay (the Organization, 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 St. Andrew Bay Center, Inc. dba The Arc of the Bay 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization 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 opinions.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards and *Government 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.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Organization'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 Organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of St. Andrew Bay Center, Inc. dba The Arc of the Bay's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 St. Andrew Bay Center, Inc. dba The Arc of the Bay's internal control over financial reporting and compliance.



Panama City, Florida
October 15, 2025

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 101,285	\$ 53,802
Certificates of deposit	229,153	261,221
Accounts receivable, net	267,208	280,045
Grants receivable	-	58,174
Promises to give	4,778	9,542
Prepaid expenses, net	56,159	75,759
Total current assets	658,583	738,543
NET PROPERTY AND EQUIPMENT	1,750,768	1,477,076
UTILITY DEPOSITS	499	499
TOTAL ASSETS	<u>\$ 2,409,850</u>	<u>\$ 2,216,118</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,058	\$ 21,296
Contracts payable	-	58,174
Retainage payable	-	17,725
Accrued expenses	66,582	48,414
Deferred revenue	70,690	86,015
Compensated absences – current	19,100	14,853
Unearned land lease – current	1,250	1,250
Total current liabilities	178,680	247,727
NONCURRENT LIABILITIES		
Compensated absences – long-term	15,358	10,763
Unearned land lease – long-term	2,396	3,646
Total noncurrent liabilities	17,754	14,409
TOTAL LIABILITIES	196,434	262,136
NET ASSETS		
Without donor restrictions	2,213,416	1,953,982
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,409,850</u>	<u>\$ 2,216,118</u>

See notes to the financial statements.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
REVENUES AND SUPPORT		
Program revenue	\$ 1,523,025	\$ 1,529,679
Client product sales and services	56,648	56,677
Grants	591,853	476,225
Contributions	154,727	196,169
In-kind contributions	167,502	33,984
Land lease income	1,250	1,250
Fundraising events	238,930	157,887
Interest	13,016	11,779
Loss on disposition of asset	(13,667)	-
Other income	1,590	13,677
	2,734,874	2,477,327
EXPENSES		
Program services:		
Adult day training and other	1,445,064	1,334,779
Bay House	168,214	-
Supported employment	447,973	433,730
Supporting services:		
Management and general	257,039	237,345
Fundraising	157,150	76,162
	2,475,440	2,082,016
TOTAL EXPENSES	2,475,440	2,082,016
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	259,434	395,311
NET ASSETS AT BEGINNING OF YEAR	1,953,982	1,558,671
NET ASSETS AT END OF YEAR	\$ 2,213,416	\$ 1,953,982

See notes to the financial statements.

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Supporting Services			Total Expenses	
	Adult Day Training and Other	Bay House	Supported Employment	Total Program Services	Management and General	Fundraising		Total Supporting Services
Advertising	\$ 15,416	\$ 2,321	\$ 3,944	\$ 21,681	\$ 3,029	\$ -	\$ 3,029	\$ 24,710
Background screening	901	868	81	1,850	482	-	482	2,332
Bank service charge	-	15	-	15	4,753	-	4,753	4,768
Cameras	3,396	-	-	3,396	-	-	-	3,396
Client activities	13,743	4,037	2,440	20,220	403	-	403	20,623
Client payroll	20,541	-	-	20,541	-	-	-	20,541
Depreciation	98,106	16,799	22,611	137,516	27,194	-	27,194	164,710
Dues and subscriptions	22,530	2,347	7,364	32,241	6,582	-	6,582	38,823
Education	2,381	130	-	2,511	-	-	-	2,511
Employee benefits	57,360	-	23,777	81,137	12,265	-	12,265	93,402
Equipment lease	8,794	258	2,341	11,393	1,255	-	1,255	12,648
Equipment purchases	-	7,677	-	7,677	-	-	-	7,677
Grant expenses	11,992	916	3,456	16,364	1,728	-	1,728	18,092
In-kind donations	71,680	410	18,053	90,143	15,236	59,170	74,406	164,549
Insurance	102,253	10,097	23,119	135,469	11,806	-	11,806	147,275
Licenses and taxes	52	88	17	157	99	-	99	256
Meeting expense	1,845	83	311	2,239	1,815	-	1,815	4,054
Mileage reimbursements	1,686	80	2,330	4,096	1,335	-	1,335	5,431
Miscellaneous	111	2,914	-	3,025	200	-	200	3,225
Office expense	13,062	56	3,478	16,596	1,645	-	1,645	18,241
Payroll taxes	47,737	6,783	17,547	72,067	23,553	-	23,553	95,620
Postage	751	7	251	1,009	382	-	382	1,391
Professional fees	40,978	1,840	12,149	54,967	11,352	-	11,352	66,319
Recognition and awards	3,666	456	608	4,730	2,217	-	2,217	6,947
Repairs and maintenance	25,874	4,049	5,685	35,608	3,619	-	3,619	39,227
Retirement	3,090	515	1,030	4,635	515	-	515	5,150
Salaries	762,247	88,614	286,832	1,137,693	113,889	24,711	138,600	1,276,293
Staff training	3,100	1,724	443	5,267	1,482	-	1,482	6,749
Supplies	30,697	8,106	2,135	40,938	2,464	73,269	75,733	116,671
Telephone	3,907	427	1,265	5,599	1,395	-	1,395	6,994
Travel	4,949	-	-	4,949	67	-	67	5,016
Utilities	30,368	6,406	3,322	40,096	3,621	-	3,621	43,717
Vehicle expense	39,073	191	2,590	41,854	2,259	-	2,259	44,113
Workers' compensation	2,778	-	794	3,572	397	-	397	3,969
Totals	\$ 1,445,064	\$ 168,214	\$ 447,973	\$ 2,061,251	\$ 257,039	\$ 157,150	\$ 414,189	\$ 2,475,440

See notes to the financial statements.

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services			Total Expenses
	Adult Day Training and Other	Supported Employment	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising	\$ 22,533	\$ 4,413	\$ 26,946	\$ 2,964	\$ -	\$ 2,964	\$ 29,910
Background screening	989	20	1,009	625	-	625	1,634
Bank service charge	16	-	16	4,484	-	4,484	4,500
Cameras	2,911	-	2,911	-	-	-	2,911
Client activities	19,986	3,291	23,277	929	-	929	24,206
Client payroll	21,508	-	21,508	-	-	-	21,508
Depreciation	81,709	19,481	101,190	26,049	-	26,049	127,239
Dues and subscriptions	22,412	5,690	28,102	5,288	-	5,288	33,390
Education	2,196	-	2,196	-	-	-	2,196
Employee benefits	53,400	25,847	79,247	10,574	-	10,574	89,821
Equipment lease	8,881	2,209	11,090	839	-	839	11,929
Equipment purchases	2,736	802	3,538	1,319	-	1,319	4,857
Grant expenses	9,572	3,058	12,630	1,403	-	1,403	14,033
In-kind donations	23,374	4,719	28,093	-	-	-	28,093
Insurance	68,808	24,979	93,787	9,002	-	9,002	102,789
Licenses and taxes	107	30	137	84	-	84	221
Meeting expense	5,698	1,687	7,385	2,188	-	2,188	9,573
Mileage reimbursements	2,488	4,137	6,625	965	-	965	7,590
Miscellaneous	-	76	76	-	-	-	76
Office expense	7,355	1,664	9,019	1,996	-	1,996	11,015
Payroll taxes	43,520	16,907	60,427	23,820	-	23,820	84,247
Postage	803	264	1,067	352	-	352	1,419
Professional fees	43,958	13,578	57,536	9,187	-	9,187	66,723
Recognition and awards	3,935	728	4,663	1,839	158	1,997	6,660
Repairs and maintenance	45,938	4,963	50,901	4,303	-	4,303	55,204
Retirement	3,500	500	4,000	1,000	-	1,000	5,000
Salaries	692,961	274,006	966,967	115,754	23,067	138,821	1,105,788
Staff training	5,631	2,989	8,620	1,944	-	1,944	10,564
Supplies	46,166	6,408	52,574	2,987	52,664	55,651	108,225
Telephone	5,653	2,525	8,178	2,134	-	2,134	10,312
Travel	6,487	242	6,729	414	273	687	7,416
Utilities	31,213	3,931	35,144	2,795	-	2,795	37,939
Vehicle expense	40,551	1,681	42,232	919	-	919	43,151
Workers' compensation	7,784	2,905	10,689	1,188	-	1,188	11,877
Totals	\$ 1,334,779	\$ 433,730	\$ 1,768,509	\$ 237,345	\$ 76,162	\$ 313,507	\$ 2,082,016

See notes to the financial statements.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
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	\$ 259,434	\$ 395,311
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	164,710	127,239
Loss on disposition of asset	13,667	-
Interest from certificates of deposit	(11,263)	(9,224)
Donated capital assets	-	(30,000)
Changes in operating assets and liabilities:		
Accounts receivable, net	12,837	(22,041)
Grants receivable	58,174	(58,174)
Promises to give	4,764	(4,526)
Prepaid expenses	(45,911)	(34,497)
Accounts payable	(238)	(3,005)
Contracts payable	(58,174)	58,174
Retainage payable	(17,725)	17,725
Accrued expenses	18,168	443
Deferred revenue	(15,325)	47,065
Compensated absences	8,842	(6,570)
Unearned land lease	(1,250)	(1,250)
Net cash provided by operating activities	<u>390,710</u>	<u>476,670</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(482,069)	(626,686)
Proceeds from sale of property and equipment	30,000	-
Sale of certificate of deposit	43,331	-
Net cash used in investing activities	<u>(408,738)</u>	<u>(626,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from insurance note payable	154,590	103,321
Payments on insurance note payable	(89,079)	(116,952)
Net cash provided by (used in) financing activities	<u>65,511</u>	<u>(13,631)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	47,483	(163,647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>53,802</u>	<u>217,449</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 101,285</u>	<u>\$ 53,802</u>

See notes to the financial statements.

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

St. Andrew Bay Center, Inc. dba The Arc of the Bay (the Organization) was incorporated under the laws of the state of Florida in 1957 as a nonprofit organization to provide programs and services for adults with developmental and other disabilities. The Organization provides adult day training, which focuses on enabling the individual to attain the maximum functioning level, and supports the individual in daily valued routines of the community. Services may include a variety of employment opportunities, support for a home of their own or an opportunity to participate in volunteer programs. The Organization coordinates and facilitates these client services. A substantial portion of funding for programs is provided by the State of Florida Medicaid Waiver Program (Medicaid), Agency for Persons with Disabilities and the Florida Department of Education.

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires that the Organization report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulates the funds be maintained in perpetuity. The Organization did not have any net assets for the years ended June 30, 2025 and 2024, where the donor-imposed restriction was perpetual in nature.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Under accounting standards, earned revenue measurement is driven via a principles-based process that requires the entity 1) identify the contract with the customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations and 5) recognize revenue when or as performance obligations are satisfied. Contributed support follows different standards. A summary of each of the revenue and support flows are as follows:

Gifts and grants, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Gifts and grants of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in this section. Unconditional promises to give that are expected to be

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

collected in future years are recorded at the present value of the estimated future cash flows using a risk-adjusted discount rate depending on the time period involved. Amortization of the discount is included in gift and grant revenue in accordance with the donor-imposed restrictions, if any, on the gifts or grants. Gifts or grants with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purpose specified are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purpose the restriction has been satisfied.

Gifts of property and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired long-lived asset is placed into service.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. 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 and reported in the statements of activities as net assets released from restrictions.

Medicaid income is recorded at established rates. Revenue is recognized on the date the services are provided, which is when the performance obligation is satisfied.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments purchased within three months of maturity to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization provides services to its customers based on a fee. The services provided during a month are billed at the end of each respective month. Accounts receivable represents fees due from customers, the State of Florida, pass-through entities, or other third parties. Accounts receivable at June 30, 2025 and 2024, was \$267,208 and \$280,045, respectively.

Balances are typically considered past due if any portion of the receivable balance is outstanding for more than 90 days.

Allowance for Credit Losses

At each balance sheet date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded.

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point to calculate the expected allowance for credit losses.

The allowance for credit losses was \$5,165 as of June 30, 2025 and 2024.

The Organization writes off receivables when there is information that indicates that there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. There were no write-offs for the year ended June 30, 2025.

Investments

Certificates of deposit are short-term investments maturing in 2025 and 2026.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500 or, if donated, at acquisition value at the date of acquisition. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method, dividing the cost by the asset's useful life.

<u>Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings	10 to 30 years
Building improvements	5 to 10 years
Furniture and equipment	5 to 7 years
Vehicles	5 years

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred.

Compensated Absences

The Organization permits employees to accumulate a limited amount of earned but unused vacation benefits, up to a maximum of 21 days, which will be paid upon separation from the Organization (if applicable).

As of June 30, 2025 and 2024, the amount accrued for paid time off totaled \$34,458 and \$25,616, respectively, and is included on the statements of financial position in current and long-term liabilities.

ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

Donated Facilities, Materials and Services

Donated materials, equipment, building usage and certain services are recorded at their estimated fair value at the date of receipt. The Organization records donated goods and services as in-kind contribution revenue and in-kind expense in the accompanying financial statements. Services provided by the Board of Directors are considered philanthropic activity and are generally not recorded. Therefore, the value of contributed time is not reflected in these financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization are itemized in the statements of functional expenses and summarized on a functional basis in the statements of activities. Compensation and other expenses that are incurred by a specific program are direct costs for the benefit of that program. Indirect costs incurred for the benefit of more than one program are allocated to a program based on program revenues, program payrolls or any other reasonable criteria.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended June 30, 2025 and 2024, advertising and marketing costs of \$24,710 and \$29,910, respectively, were incurred. They are recorded as advertising expenses in the accompanying financial statements.

Income Taxes

The Internal Revenue Service has determined that the Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

The Organization is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

The Organization's tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates, and while actual results could differ, management believes that the estimates are reasonable. Significant estimates included in or affecting the presentation of the accompanying financial statements include estimated useful lives of property and equipment.

Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2025 and October 15, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

2. CERTIFICATES OF DEPOSIT

At June 30, 2025 and 2024, the Organization had certificates of deposit totaling \$229,153 and \$261,221, respectively. Maturity dates on these certificates of deposit range from August 2025 to February 2026.

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and cash equivalents and accounts and grants receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures.

As of June 30, 2025 and 2024, the following table shows the total financial assets held by the Organization and the amounts of those financial assets available within one year of the balance sheet date to meet general expenditures.

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 101,285	\$ 53,802
Certificates of deposit	229,153	261,221
Accounts receivable, net	267,208	280,045
Grants receivable	-	58,174
Promises to give	4,778	9,542
	<u> </u>	<u> </u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 602,424</u>	<u>\$ 662,784</u>

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 280,000	\$ 280,000
Buildings and improvements	2,052,940	1,160,237
Furniture and equipment	140,885	127,351
Vehicles	589,569	627,344
Construction in progress	-	438,393
	<u>3,063,394</u>	<u>2,633,325</u>
Less accumulated depreciation	<u>(1,312,626)</u>	<u>(1,156,249)</u>
Total property and equipment, net	<u>\$ 1,750,768</u>	<u>\$ 1,477,076</u>

Depreciation expense for the years ended June 30, 2025 and 2024, was \$164,710 and \$127,239, respectively. Construction in progress on the group home totaled \$438,393 for the year ended June 30, 2024. Upon completion in March 2025, the related balance was transferred to buildings and improvements.

5. LINE OF CREDIT

On April 26, 2025, the Organization entered into a revolving line of credit with Centennial Bank. The line is collateralized by the Organization's assets and bears interest at a rate of Prime plus 0.50% with a floor rate of 7.50% (the variable rate was 8% at June 30, 2025). Borrowings are permitted up to \$200,000 with monthly interest-only payments. The credit line is due on demand and matures on April 26, 2026. No draws were made on the line of credit, and there was not a balance outstanding during the year ended June 30, 2025.

6. LONG-TERM LEASE

In June 2018, the Organization leased the unused portion of the property on Alabama Avenue to a construction company for a ten-year period for \$12,500. The full amount of the lease was prepaid, and the unearned portion appears on the financial statements as unearned land lease income. A portion of the deferred income is recognized annually. The Organization recognized \$1,250 of land lease income in both 2025 and 2024. As of June 30, 2025 and 2024, the Organization had \$3,646 and \$4,896, respectively, of unearned land lease income.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

7. INSURANCE NOTE PAYABLE

The Organization financed its insurance premiums for various types of coverage. As of June 30, 2025 and 2024, the Organization had \$118,832 and \$53,321 due to the financing company, respectively. The premium financing agreement requires 11 monthly installments, including principal and interest, of \$10,803 and bears interest at 6.19%. The balance due to the financing company has been netted against prepaid insurance premiums in the accompanying statements of financial position as of June 30, 2025 and 2024.

8. RETIREMENT PLAN

In January 2019, the Organization adopted a 401(k) plan for employees who have attained the age of 21 years and have worked for a period of six months. Full vesting for matching contributions occurs after the sixth year of employment, whereas vesting for elective deferrals occurs immediately. The Organization does not make nondiscretionary matching contributions, but at the discretion of the Board of Directors, may elect to make an annual discretionary matching contribution. The amount of contribution is determined based on a percentage of earnings, as established by the Board of Directors. For each of the years ended June 30, 2025 and 2024, the Organization made \$5,000 of such contributions.

9. MEDICAID PARTICIPATION (TITLE XIX)

The Organization participates in the Medicaid program as a provider of certain medical services to program beneficiaries. During the fiscal year ended June 30, 2025, substantially all of the Organization's patient services were furnished to program beneficiaries.

The monthly per diem rate is based on allowable cost determined under current regulation. The per diem rate for the year ended June 30, 2025, was determined by dividing the total allowable cost for the year ended June 30, 2024, by the total number of patient days for the same period.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

10. CONTRIBUTED NONFINANCIAL ASSETS

During the years ended June 30, 2025 and 2024, the Organization received the following in-kind donations:

	<u>2025</u>	<u>2024</u>
Christmas Wish List Program Donations	\$ -	\$ 8,800
Fashion Show Supplies and Donations	59,170	-
General Supplies and Donations	48,217	18,060
Silent and Live Auction Supplies and Donations	54,900	-
Volunteer Hours for Special Events	5,215	7,124
	<u>\$ 167,502</u>	<u>\$ 33,984</u>

The Organization utilized all donated items during the reporting period and did not monetize any of the contributed assets. Fair value was determined using market comparables and vendor pricing. No donor-imposed restrictions were associated with these donations.

11. CONCENTRATIONS OF RISK

Concentration of Revenue Sources

The Organization receives revenue from various sources. The Organization receives the majority of its revenue from Medicaid and the State of Florida Department of Education. As of June 30, 2025, Medicaid accounted for 31% of total accounts receivable and 33% of total revenue. As of June 30, 2024, Medicaid accounted for 37% of total accounts receivable and 37% of total revenue. As of June 30, 2025, the Florida Department of Education accounted for 32% of total accounts receivable and 19% of total revenue. As of June 30, 2024, the Florida Department of Education accounted for 36% of total accounts receivable and 24% of total revenue.

Concentration of Credit Risk

The Organization maintains deposit accounts at various financial institutions. Deposit accounts at each institution are insured by the FDIC up to \$250,000. For the years ended June 30, 2025 and 2024, the Organization did not exceed the FDIC insured limits. The Organization has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

**ST. ANDREW BAY CENTER, INC.
DBA THE ARC OF THE BAY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

12. GRANT AWARDS

State Housing Initiatives Partnership Program (SHIP)

In July 2023, the Organization was awarded grant funding from Bay County, Florida (the County) under the SHIP program of \$360,000 for development and construction costs for a residential group home for adults with developmental disabilities. The County committed to \$360,000 towards the project. For each of the years ended June 30, 2025 and 2024, the Organization recognized approximately \$180,000 in grant revenue.

Florida Housing Finance Corporation (FHFC)

In February 2024, the Organization was awarded grant funding from the FHFC of \$488,150 for development and constructions costs for a residential group home for adults with developmental disabilities. For the years ended June 30, 2025 and 2024, the Organization recognized approximately \$294,000 and \$180,000 in grant revenue, respectively.

13. SUBSEQUENT EVENT

In July 2025, the Organization was gifted land appraised at \$265,000. As of the date of this report, the Organization plans to sell the property, but the sale has not yet occurred.

COMPLIANCE SECTION

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
St. Andrew Bay Center, Inc. dba The Arc of the Bay

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, the financial statements of St. Andrew Bay Center, Inc. dba The Arc of the Bay (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Andrew Bay Center, Inc. dba The Arc of the Bay'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 financial statements. 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 or other matters 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.

Warren Averett, LLC

Panama City, Florida
October 15, 2025