

**SHERWOOD CENTER
FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

FINANCIAL STATEMENTS

**Year Ended June 30, 2024
with
Independent Auditors' Report**

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

FINANCIAL STATEMENTS

June 30, 2024

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 – 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8 – 19



Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Sherwood Center for the Exceptional Child dba Sherwood Autism Center

Opinion

We have audited the financial statements of **Sherwood Center for the Exceptional Child dba Sherwood Autism Center**, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Sherwood Center for the Exceptional Child dba Sherwood Autism Center** as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 **Sherwood Center for the Exceptional Child dba Sherwood Autism Center** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2024, **Sherwood Center for the Exceptional Child dba Sherwood Autism Center** adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

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 **Sherwood Center for the Exceptional Child dba Sherwood Autism Center**'s ability to continue as a going concern for 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 **Sherwood Center for the Exceptional Child dba Sherwood Autism Center**'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 **Sherwood Center for the Exceptional Child dba Sherwood Autism Center**'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.

Report on Summarized Comparative Information

We have previously audited **Sherwood Center for the Exceptional Child dba Sherwood Autism Center**'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Keller & Owens, LLC". The signature is written in black ink and is centered on the page.

Overland Park, Kansas
November 21, 2024

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

(with comparative totals as of June 30, 2023)

ASSETS

	2024	2023
Cash and Cash Equivalents	\$ 2,172,576	\$ 3,337,135
Certificate of Deposit, at cost	-	250,000
Investments, at fair value	40,716	39,361
Accounts Receivable, no allowance for credit losses	328,641	288,119
Contributions Receivable	-	36,152
Prepaid Expenses	10,124	11,741
Right-of-Use Asset - Finance Lease	45,355	-
Property and Equipment, net	5,129,130	5,085,185
Total Assets	\$ 7,726,542	\$ 9,047,693

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 49,712	\$ 18,974
Accrued liabilities	194,111	176,761
Deferred revenue	260	10,000
Finance lease liability	48,223	-
Long-term debt	-	416,430
Total Liabilities	292,306	622,165
Net Assets:		
Without donor restrictions	7,407,779	8,390,286
With donor restrictions	26,457	35,242
Total Net Assets	7,434,236	8,425,528
Total Liabilities and Net Assets	\$ 7,726,542	\$ 9,047,693

See accompanying notes

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024			2023 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue:				
Special education	\$ 1,574,284	\$ -	\$ 1,574,284	\$ 1,757,167
Adult day and family support	1,133,638	-	1,133,638	1,100,696
Contributions and government grants	86,972	55,900	142,872	984,992
Special events, net of cost of direct benefits to donors of \$2,665 and \$14,753 for the years ended June 30, 2024 and 2023, respectively	6,027	-	6,027	(9,381)
Investment return, net	63,898	-	63,898	73,285
Gain/(loss) on disposal of assets	-	-	-	1,362
Other	837	-	837	-
Net assets released from restrictions	<u>64,685</u>	<u>(64,685)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	2,930,341	(8,785)	2,921,556	3,908,121
Expenses:				
Program services:				
Special Education	2,208,418	-	2,208,418	2,186,779
Adult Day Services	629,448	-	629,448	445,101
Supported Employment	<u>371,064</u>	<u>-</u>	<u>371,064</u>	<u>422,815</u>
Total program services	3,208,930	-	3,208,930	3,054,695
Supporting services:				
Management and general	489,466	-	489,466	458,763
Fundraising	<u>214,452</u>	<u>-</u>	<u>214,452</u>	<u>225,428</u>
Total supporting services	703,918	-	703,918	684,191
Total Expenses	<u>3,912,848</u>	<u>-</u>	<u>3,912,848</u>	<u>3,738,886</u>
Change in Net Assets	(982,507)	(8,785)	(991,292)	169,235
Net Assets at Beginning of Year	<u>8,390,286</u>	<u>35,242</u>	<u>8,425,528</u>	<u>8,256,293</u>
Net Assets at End of Year	<u><u>\$ 7,407,779</u></u>	<u><u>\$ 26,457</u></u>	<u><u>\$ 7,434,236</u></u>	<u><u>\$ 8,425,528</u></u>

See accompanying notes

SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024						2023 Total	
	Special Education	Adult Day Services	Supported Employment	Total Program	Management and General	Fundraising		Total
Personnel expenses	\$ 1,380,190	\$ 401,623	\$ 235,152	\$ 2,016,965	\$ 183,257	\$ 132,343	\$ 2,332,565	\$ 2,294,672
Employee benefits	181,487	52,811	30,921	265,219	24,097	17,402	306,718	275,864
Payroll taxes	104,260	30,339	17,764	152,363	13,843	9,997	176,203	173,101
Professional services	9,440	-	-	9,440	198,642	-	208,082	171,499
Office expense	9,241	2,689	1,574	13,504	1,227	887	15,618	30,621
Curriculum and instruction	13,632	2,549	2,762	18,943	-	120	19,063	30,574
Meals and entertainment	41,365	-	-	41,365	-	-	41,365	46,916
Information technology	49,377	14,368	8,413	72,158	6,556	4,735	83,449	76,337
Interest	8,354	2,431	1,423	12,208	1,110	801	14,119	19,609
Utilities	43,222	12,577	7,364	63,163	5,739	4,144	73,046	82,586
Depreciation and amortization	154,336	44,910	26,295	225,541	20,492	14,799	260,832	232,033
Occupancy	122,672	35,697	20,900	179,269	16,288	12,879	208,436	217,009
Transportation	1,190	3,366	3,222	7,778	158	114	8,050	11,641
Professional development	17,094	4,974	2,912	24,980	2,270	1,639	28,889	19,757
Insurance	72,558	21,114	12,362	106,034	9,634	6,957	122,625	70,187
Miscellaneous	-	-	-	-	6,153	10,300	16,453	1,233
Total Expenses	2,208,418	629,448	371,064	3,208,930	489,466	217,117	3,915,513	3,753,639
Cost of direct benefits to donors	-	-	-	-	-	(2,665)	(2,665)	(14,753)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,208,418</u>	<u>\$ 629,448</u>	<u>\$ 371,064</u>	<u>\$ 3,208,930</u>	<u>\$ 489,466</u>	<u>\$ 214,452</u>	<u>\$ 3,912,848</u>	<u>\$ 3,738,886</u>

See accompanying notes

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ (991,292)	\$ 169,235
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	260,832	232,033
Credit loss expense	6,153	-
(Gain) loss on disposal of property and equipment	-	(1,362)
Net realized and unrealized gains on investments	(1,355)	(19,182)
(Increase) decrease in:		
Accounts receivable	(46,675)	345,819
Contributions receivable	36,152	(4,141)
Prepaid expenses	1,617	9,569
Increase (decrease) in:		
Accounts payable	23,958	(117,322)
Accrued liabilities	17,350	74,063
Deferred revenue	(9,740)	10,000
Net Cash (Used) Provided by Operating Activities	(703,000)	698,712
Cash Flows from Investing Activities:		
Proceeds from the redemption of certificate of deposit	250,000	-
Proceeds from sale of investments	-	664
Purchases of property and equipment	(275,319)	(72,422)
Proceeds from sale of property and equipment	-	1,520
Net Cash Used by Investing Activities	(25,319)	(70,238)
Cash Flows from Financing Activities:		
Principal payments on long-term debt	(416,430)	(19,352)
Repayment of lease liability	(19,810)	-
Payment of short-term accounts payable used to finance property and equipment acquisitions	-	(62,039)
Net Cash Used by Financing Activities	(436,240)	(81,391)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,164,559)	547,083
Cash and Cash Equivalents at Beginning of Year	3,337,135	2,790,052
Cash and Cash Equivalents at End of Year	\$ 2,172,576	\$ 3,337,135
<u>NONCASH INVESTING AND FINANCING ACTIVITIES</u>		
Purchases of Property and Equipment using Accounts Payable	\$ 6,780	\$ -
Right-of-Use Assets Obtained in Exchange for Lease Liabilities	\$ 68,033	\$ -
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Interest Paid on Long-Term Debt	\$ 11,643	\$ 19,609

See accompanying notes

SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD dba SHERWOOD AUTISM CENTER

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. NATURE OF ORGANIZATION

Organization – Sherwood Center for the Exceptional Child dba Sherwood Autism Center (the “Organization”) is a not-for-profit social service agency. The Organization provides special education, daily habilitative training and community integration services for children and adults with autism who reside in the Greater Kansas City metropolitan area. Program services include the following:

- The Special Education Program (“SPED”) is a comprehensive, school program for students, ages 5-21, who are referred to the Organization by their public school district when a specialized school environment is recommended for their success. Many of the students have extreme behavioral and communication challenges. Each student has an Individualized Education Plan (“IEP”) that identifies individual goals and objectives.
- The Organization’s Adult Day Services provides services for adults, 18 and older, who have been referred by their school district or the Missouri Department of Mental Health. Services are provided both on and off-site in a small staff to participant ratio (1:1 to 1:6) depending on the needs of the individual. Each participant served has an Individual Support Plan (“ISP”) that determines the services that will be provided to help him or her meet their goals.
- The Organization’s Supported Employment Services serves adults, 18 and older, who have been referred by their school district or the Missouri Department of Mental Health. Services are provided both on and off-site in a small staff to participant ratio (1:1 to 1:6). Each participant has an ISP that determines the services that will be provided to help him or her meet their goals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable – Accounts receivable primarily consists of amounts due for special education, daily habilitative training, and community integration services. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The measurement and recognition of credit losses involves the use of judgment and represents management’s estimate of expected lifetime credit losses. Management’s assessment of expected credit losses includes consideration of current and expected economic and industry factors affecting the Organization’s customers including their financial condition, the aging of account balances, customer credit-worthiness, among other factors. Management actively monitors these factors and assesses the sufficiency of its allowance for credit losses on an ongoing basis. At June 30, 2024 and 2023, management does not believe that an allowance for credit losses is necessary.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting – The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers those highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Certificate of Deposit – Certificate of deposit is carried at the lower of cost or fair value in the statement of financial position. The certificate of deposit of \$250,000 held at June 30, 2023 served as collateral for the note payable disclosed in Note 7. This certificate of deposit was redeemed during the year ended June 30, 2024 to help pay off the note.

Concentrations of Credit Risk – The Organization maintains its cash in bank accounts in amounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as it periodically evaluates the strength of the financial institutions in which it deposits funds. The Organization also utilizes Insured Bank Deposit accounts through a service provided by the bank, which allows the Organization to continuously maintain deposit balances at the bank at or below federally-insured limits.

Contributions of Nonfinancial Assets – A number of volunteers donate services to the Organization. These services do not meet the criteria for recognition as a contribution and thus are not reflected in the accompanying financial statements. Donated goods and services are reflected as contributions at their estimated fair values at the date the services or gifts are received. Donated goods and services are valued based on estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

The Organization received food and non-food items such as gift cards, gift certificates, memorabilia, tickets to sporting events and other merchandise. During 2024 and 2023, the Organization received \$10,300 and \$1,748 of donated goods and professional services, respectively, which is included in special events, net of cost of direct benefits to donors and contributions and government grants, within the statement of activities as these items were used as a part of fundraising events and other program services.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information – The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s 2023 financial statements from which the summarized information was derived.

Contributions Receivable – Unconditional promises to give in future periods are recognized as support in the period the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, less an allowance for uncollectible promises. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the promise is received. In subsequent years, amortization of the discounts is included in contributions and government grants revenue in the statement of activities.

Management provides an allowance for unconditional promises to give, which is based upon a review of outstanding amounts, historical collection, and existing economic conditions. Management writes off promises to give when it determines they will not be collected. There was no allowance at June 30, 2024 and 2023.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses – The Organization allocates expense on a functional basis among the various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management’s estimate of resources devoted to the program or support service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel expenses, payroll taxes, employee benefits, office expense, information technology, utilities, occupancy, interest, depreciation and amortization, insurance, and professional development which are allocated on the basis of estimates of time and effort. Other expenses that are common to several functions are allocated by management’s estimate of resources devoted to each function.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments – The Organization records investments at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Income Taxes – The Organization is a Missouri non-profit corporation and has been recognized by the IRS as exempt from Federal income taxes, except on unrelated income, under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction, and has been determined not to be a private foundation.

The Organization’s policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2024, and, accordingly, no liability has been accrued.

Leases – The Organization determines if an arrangement is a lease or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and liabilities in the statement of financial position. ROU asset represents the right to use an underlying asset for the lease term, and lease liability represents the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. Lease expense is generally recognized on a straight-line basis over the term of lease. The Organization elected the practical expedient to not separate lease and non-lease components for all leases.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets – Net assets, revenues, 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, certain grantor, or contractual restrictions. They also include any designations by the governing board.

Net assets with donor restrictions – Net assets subject to donor- or certain grantor-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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets are reclassified to net assets without donor restrictions in the statement of activities.

Property and Equipment – Property and equipment are stated at cost. Expenditures for major renewals and betterments exceeding \$2,000 that extend the useful lives of assets are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation is not recorded for artwork based on the estimated extraordinarily long useful life. The estimated useful lives are as follows:

Land improvements	15 – 20 years
Building and improvements	10 – 39 years
Furniture, fixtures, and equipment	5 – 15 years
Vehicles	5 years
Website development	3 years

Recently Issued Accounting Pronouncements – Effective July 1, 2023, the Organization has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an Organization’s exposure to credit risk and the measurement of credit losses. The ASU was adopted on a modified retrospective basis with no impact on beginning net assets.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition – The Organization recognizes revenue when it has satisfied the performance obligation of providing special education, adult day services, and/or community integration services. Performance obligations are satisfied at a point in time, and the related revenue is recognized as services are rendered. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. Invoices are generally due within 30 days of the invoice date.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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. There were no conditional promises to give at June 30, 2024.

Subsequent Events – Management has evaluated events and transactions that have occurred since June 30, 2024, and reflected their effects, if any, in these financial statements through November 21, 2024, the date the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2024	2023
Cash and cash equivalents	\$ 2,172,576	\$ 3,337,135
Certificate of deposit	-	250,000
Investments	40,716	39,361
Accounts receivable	328,641	288,119
Contributions receivable, due in one year or less	-	36,152
Total financial assets	2,541,933	3,950,767
Less: collateral for loan	-	(250,000)
Less: restricted by donors based on purpose	(26,457)	(5,242)
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	\$ 2,515,476	\$ 3,695,525

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The statement of cash flows identifies the sources and uses of the Organization's cash. Net assets that are time-restricted by donors are anticipated to be available for use during the next 12 months.

4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 – inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

The following table sets forth information about the level within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at June 30, 2024:

	<u>Level 1</u>	<u>Total</u>
Investments:		
Common stock	<u>\$ 40,716</u>	<u>\$ 40,716</u>

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth information about the level within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at June 30, 2023:

	Level 1	Total
Investments:		
Common stock	\$ 39,361	\$ 39,361

5. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at June 30:

	2024	2023
Within one year	\$ -	\$ 36,152
Total Contributions Receivable	\$ -	\$ 36,152

In fiscal year 2023, one donor accounted for 83% of unconditional promises to give.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

Land	\$ 14,747	\$ 14,747
Land improvements	50,252	50,252
Building and improvements	5,762,718	5,514,181
Furniture, fixtures, and equipment	409,302	387,739
Artwork	43,000	43,000
Vehicles	291,516	291,516
Website development	12,000	-
	6,583,535	6,301,435
Less accumulated depreciation	(1,454,405)	(1,216,250)
Total Property and Equipment, net	\$ 5,129,130	\$ 5,085,185

Depreciation expense amounted to \$238,154 and \$232,033 for the years ended June 30, 2024 and 2023, respectively.

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

7. LONG-TERM DEBT

The Organization held a long-term note payable to a financial institution payable in monthly installments of \$2,997 at the fixed interest rate of 3.82%, with a balance of \$416,430 at June 30, 2023, secured by a \$250,000 certificate of deposit. In fiscal year 2024, this debt was paid off in its entirety.

8. RETIREMENT PLAN

The Organization sponsors a 401(k) profit sharing plan for its employees. All employees are eligible to participate after being employed for three months. The Organization voluntarily matches eligible employees' contributions. The Organization typically matches up to 50% of the first 4% contributed by employees. Retirement plan expense for the year ended June 30, 2024 and 2023 was \$35,706 and \$19,623, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Time restricted	\$ -	\$ 30,000
Purpose restricted:		
Family engagement program	15,000	-
Technology	10,659	-
Sensory items	-	5,242
Other	798	-
Total Net Assets with Donor Restrictions	\$ 26,457	\$ 35,242

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

9. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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:

	2024	2023
Expiration of time-restrictions	\$ 30,000	\$ 32,391
Satisfaction of purpose restrictions:		
Family engagement program	10,000	-
HVAC	-	18,590
Technology	9,341	-
Sensory items	5,242	14,758
Stage curtain	5,000	-
Other	5,102	5,325
Total Net Assets Released from Restrictions	\$ 64,685	\$ 71,064

10. GOVERNMENT GRANTS

The Employee Retention Tax Credit in the amount of \$885,905 was included in contributions and government grants revenue for the year ended June 30, 2023, which accounted for 23% of total support and revenue.

11. LEASE COMMITMENT

Effective July 2023, the Organization entered into a lease for office equipment expiring July 2026. Components of lease cost for the year ended June 30, 2024 are as follows:

Finance Lease Costs:	
Amortization of ROU asset	22,678
Interest on lease liability	2,476
Total Lease Cost	\$ 25,154

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

11. LEASE COMMITMENT (continued)

Supplemental cash flow information related to leases for the year ended June 30, 2024 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance lease	\$ 2,476
Financing cash flows from finance lease	<u>19,810</u>
Total Rent Payments	<u>\$ 22,286</u>

The ROU asset for the financing lease consists of the following at June 30, 2024:

ROU asset	\$ 68,033
Accumulated amortization	<u>(22,678)</u>
ROU Asset – Financing Lease, net	<u>\$ 45,355</u>
Weighted-average remaining lease term (in years):	2.00
Weighted-average discount rate (as a %):	4.57

Future maturities of the lease liability for the fiscal years ended June 30 are as follows:

<u>Year Ending June 30:</u>	
2025	\$ 24,311
2026	24,311
2027	<u>2,025</u>
Total remaining cash payments	50,647
Less: present value discount	<u>(2,424)</u>
Total Lease Liability	<u>\$ 48,223</u>

**SHERWOOD CENTER FOR THE EXCEPTIONAL CHILD
dba SHERWOOD AUTISM CENTER**

NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. LOSS CONTINGENCIES

The Organization, in the normal course of its operations, is or could become a party to various legal proceedings and complaints, the majority of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the financial position and changes in its net assets and cash flows of the Organization.