SunServe

Financial Statements

December 31, 2022

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LIGGETT
& WEBB P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sunshine Social Services, Inc. dba SunServe
2312 Wilton Drive
Wilton Manors, FL 33305

Opinion

We have audited the accompanying financial statements of Sunshine Social Services, Inc. dba SunServe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SunServe as of December 31, 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SunServe 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.

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 SunServe's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 SunServe'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 SunServe '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.

Liggett & Webb, P.A.

LIGGETT & WEBB P.A.
Certified Public Accountants
Boynton Beach, Florida
July 24, 2023

SunServe
Statement of Financial Position
As of December 31, 2022

ASSETS

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	104,346
Grants Receivable		241,290
Prepaid Expenses		18,375
Total Current Assets		364,011
Furniture, Fixtures, & Equipment, Net		21,610
Deposits		11,677
Right to Use Asset		16,383
TOTAL ASSETS	$	413,681

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	$	8,902
Accrued Expenses		104,403
Operating Lease Liability		8,330
Total Current Liabilities		121,635
Operating Lease Liability, net of current		8,053
Total Liabilities		129,688
Net Assets		
Without Donor Restrictions		273,091
With Donor Restrictions		10,902
Total Net Assets		283,993
TOTAL LIABILITIES AND NET ASSETS	$	413,681

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

SunServe
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, gains, and other revenues:			
Support:			
Contributions	$ 420,063	$ 3,719	$ 423,782
Fundraising, net $42,091 in direct fundraising expense	640,112		640,112
Private Grants	3,345	-	3,345
Government Grants	1,504,325	-	1,504,325
Total Support	2,567,845	3,719	2,571,564
Counseling Fees	10,018	-	10,018
Program Income	18,180	-	18,180
Interest Income	188	-	188
Net assets released from restriction			
Satisfaction on purpose restrictions	21,077	(21,077)	-
Total support, gains, and other revenues	2,617,308	(17,358)	2,599,950
Expenses			
Program Services	1,957,823	-	1,957,823
Fundraising	42,761	-	42,761
Management and General	649,031	-	649,031
Total expenses	2,649,615	-	2,649,615
Change in Net Assets	(32,307)	(17,358)	(49,665)
Net Assets, Beginning of year	305,398	28,260	333,658
Net Assets, End of year	$ 273,091	$ 10,902	$ 283,993

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

SunServe

Schedule of Functional Expense

For the Year Ended December 31, 2022

	Case Management	Mental Health Services	Noble McArtor Adult Day Care	Substance Use Disorder	Women's Services	Youth and Family Services	Total Program	Management & General	Fundraising	Total
Payroll	$ 324,896	$ 229,191	$ 164,355	$ 48,263	$ 91,030	$ 425,623	$ 1,283,358	$ 398,651	$ 14,583	$ 1,696,592
Payroll Taxes	25,860	12,587	11,729	3,431	7,021	35,121	95,749	29,836	1,205	126,790
Workers Comp	3,464	1,789	1,886	476	1,073	4,966	13,654	6,782	172	20,608
Employees benefits	20,221	8,344	16,070	6,474	8,323	41,457	100,889	31,802	2,933	135,624
Cost of Payroll	1,151	877	783	200	359	1,937	5,307	1,334	60	6,701
Total Payroll Expense	375,592	252,788	194,823	58,844	107,806	509,104	1,498,957	468,405	18,953	1,986,315
Advertising & Promotion	69	-	569	-	-	-	638	10,130	6,781	17,549
Assistance Fund	6,973	973	59,298	39,990	206	676	108,116	420	-	108,536
Background Checks	148	374	182	209	92	-	1,005	1,962	-	2,967
Computer Consulting	5,851	3,661	3,187	1,172	1,688	8,662	24,221	7,084	279	31,584
Credit Card Fees	-	-	-	-	-	-	-	799	2,395	3,194
Med Consulting	-	5,820	-	-	-	-	5,820	-	-	5,820
Psychiatric Services	-	23,481	-	-	-	-	23,481	-	-	23,481
Therapy Services	-	-	6,379	390	-	-	6,769	-	-	6,769
Contractor Services	8,870	242	5,950	-	100	3,255	18,417	5,577	2,715	26,709
Insurance	3,776	2,937	2,098	839	1,049	5,034	15,733	5,244	-	20,977
Legal and Professional	2,250	1,750	1,550	500	625	3,000	9,675	3,007	-	12,682
Occupancy	26,851	36,392	16,746	20,077	32,054	32,004	164,124	42,371	-	206,495
Bank Charges	-	-	-	-	-	-	-	92	-	92
Interest Expense	-	-	-	-	-	-	-	3,498	-	3,498
Line of Credit Fees	-	-	-	-	-	-	-	16,348	-	16,348
Office Expense	2,296	455	968	1,269	701	6,363	12,052	16,830	2,479	31,361
Dues & Subscriptions	13	-	1,647	85	400	782	2,927	5,643	-	8,570
Equipment Lease	1,135	755	623	186	377	1,426	4,502	5,202	4	9,708
Food & Food Supplies	226	189	3,192	-	-	3,607	7,214	4,085	423	11,722
Entertainment	233	56	790	-	148	3,060	4,287	15,187	2,016	21,490
Supplies & Materials	5,582	1,815	4,680	201	553	3,460	16,291	17,639	2,881	36,811
Telephone	7,072	4,182	4,043	1,296	1,967	8,878	27,438	10,556	407	38,401
Training	787	1,580	-	-	-	-	2,367	370	-	2,737
Travel	2,653	-	468	-	-	668	3,789	3,257	3,428	10,474
Depreciation	-	-	-	-	-	-	-	5,325	-	5,325
Total	$ 450,377	$ 337,450	$ 307,193	$ 125,058	$ 147,766	$ 589,979	$ 1,957,823	$ 649,031	$ 42,761	$ 2,649,615

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

SunServe
Statement of Cash Flows
For the Year Ended December 31, 2022

Operating Activities:		
Change in Net Assets	$	(49,665)
Adjustments to reconcile change in net assets to net cash provided operating activities:		
Depreciation		5,325
Amortization of Right to Use Asset		7,043
Changes in Operating Assets and Liabilities:		
Grants Receivable		87,903
Accounts Payable		(6,487)
Accrued Expenses		23,081
Operating Lease Liability		(7,043)
Net Cash Provided By Operating Activities		60,157
Investing Activities:		
Purchases of Furniture, Fixture & Equipment		-
Beneficial Assets Held at Our Fund		-
Net Cash Provided by Investing Activities		-
Financing Activities:		
Repayment of Line of Credit		(63,650)
Net Cash Used In Financing Activities		(63,650)
Net Decrease in Cash and Cash Equivalents		(3,493)
Cash and Cash Equivalents, Beginning of Year		107,839
Cash and Cash Equivalents, End of Year	$	104,346
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$	3,498
Cash paid for income taxes	$	-
Right to Use Asset	$	23,426

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

1. DESCRIPTION OF ORGANIZATION

Sunshine Social Services, Inc. dba SunServe, Inc. (the "Organization") is a Florida nonprofit entity, which was incorporated in 2002. As the first agency to provide social service needs of the LGBTQ community of South Florida, the Organization has been an advocate, ally and champion for economically disadvantaged and marginalized youth, families, adults and seniors. Located in the heart of Wilton Manors, the second-highest per capita LGBTQ population in the United States, the Organization was created by a team of dedicated community volunteers who wanted to provide vital quality care to high-risk and vulnerable members of the LGBTQ community.

Mission Statement: Recognizing that the entire LGBTQ community has the right to quality care, our mission is to provide critical life assistance and professional mental health services with emphasis on economically disadvantaged, marginalized youth, adults and seniors in the greater South Florida metropolitan area.

Mental Health Services

Our first program, started in 2002 has become one of our largest. SunServe provides a full range of out-patient mental health services including couples, family and group treatment at the SunServe offices. There is a combination of licensed clinicians, registered interns and master's level students providing services. Services are provided on a sliding payment scale, with no one turned away due to lack of funds.

Noble A. McArtor Senior Center/Senior Services

The Noble A. McArtor Adult Day Care Center was the first of its kind in the United States. A senior daycare designated for LGBTQ seniors. The Center was founded by a team of individuals whose vision created a safe, open and home-like atmosphere for all seniors and their caregivers to enjoy, regardless, and supportive of any sexual orientation, race, age, gender, religion, economic level or ability to pay.

Youth & Family Services

Youth and Family Services is SunServe's largest department. Therapy is provided for LGBTQ youth of all ages, as well as their family members. Life coaching is provided; understanding as education, whether vocational or college, is essential to living a full life. Staff work with Broward County Schools and their GSAs. Counseling is provided both in home and in office. Six different youth support groups are offered around the county.

1. DESCRIPTION OF ORGANIZATION (CONT'D)

Case Management

SunServe provides housing case management for those living with HIV. Our program is based on housing being an integral part of good health; and we do everything to keep people employed, housed and earning an income. We provide case management to those with substance abuse issues and mental health issues as well. SunServe offers support to clients who are anywhere in the transitioning process. Whether at beginning and looking for counseling services, to name and passport changes, to quality medical services and job placement – Our case management will help folks to reach their full potential. Several support groups are offered.

Women's Services

Lesbian and trans-women receive guidance on medical care, housing assistance, understanding and sympathetic physicians and support from their own. Cancer care and awareness are goals of the program. SunServe also provides comprehensive LGBTQ Competency training to municipalities, companies, non-profits and to the general public.

Substance Use Disorder

The program provides clients with substance abuse treatment, attain/maintain stable housing, reduce corrective involvement in the legal system and employment assistant through linkage to our case management, mental health services and housing programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies: The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for NFP's. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Basis of Presentation: The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Net Assets: Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Without Donor Restrictions – Without Donor Restrictions net assets are resources available to support operations. The only limits on the use of without donor restrictions net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

With Donor Restrictions – With donor restrictions net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with the donor restrictions to without donor restrictions net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

As of December 31, 2022, net assets with donor restrictions were available for the following:

Subject to expenditure for specified purpose		
Epic	$	7,183
Staff Recognition		3,179
Total	$	10,902

Net assets with donor restrictions released for the year ended December 31, 2022 are as follows:

Releases from restrictions:		
Subject to expenditure for specified purpose		
AIDS Walk	$	7,977
Tennis Tournament Sponsorship		13,100
Total	$	21,077

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tax Status: The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income related to its exempt purposes (unless that income is otherwise excluded by the Code). Contributions to the Organization are tax deductible to donors under section 170 of the Code. The Organization is not classified as a private foundation at report date, the Organization federal income tax returns for 2019, 2020, 2021, and 2022 remain open to examination by the Internal Revenue Service.

Functional Expense Recognition and Allocation: The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Cash and Cash Equivalents: Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of 90 days or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Grants Receivable: Grants receivable are primarily unsecured amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Promises to Give: The Organization records unconditional promises as pledges receivable at the date when the promise is received. These pledges receivable are reduced by an allowance for uncollectible pledges, if deemed necessary, and are discounted to the present value of their expected future cash flows if due in more than one year. As of December 31, 2022, the Organization had no promises to give.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Furniture, Fixtures, and Equipment: Furniture, fixtures, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture, Fixtures & Equipment	3 & 5 years
Leasehold Improvements	15 years

Furniture, fixtures, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstance; however, the actual results could differ from those estimates.

Grant Revenue: Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Contributions: Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Time- restricted and purpose-restricted contributions are required to be reported as donor restricted support. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Restricted Collection: The Organization acts as a pass-through agent for organizations that do not have 501 (c) (3) designation. The Organization receives funds for these organizations and pays the expenses for the funded amount. Contributions are recorded as with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services: Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization follows Topic ASC 606 which requires the Organization to distinguish between contributions that increase net assets without donor restrictions or with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values. As of December 31, 2022, the Organization had no contributed services.

Leases: In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842). This guidance requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. ASU 2016-02 establishes a right-of-use model (ROU) that requires a lessee to recognize an ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. The Organization adopted this standard effective January 1, 2022, as required, retrospectively through a cumulative effect adjustment. The Organization elected the "package of practical expedients," which permits the Organization not to reassess, under ASU 2016-02, prior conclusions about lease identification, lease classification and initial direct costs. The new standard also provides practical expedients for an entity's ongoing accounting. The Organization elected to utilize the short-term lease recognition exemption for all leases that qualify. This means, for those short-term leases that qualify, the Organization will not recognize ROU assets or lease liabilities. The Organization also elected to separate lease and non-lease components for facility leases. Adoption of this guidance resulted in the recognition of lease liabilities of $23,426, based on the present value of the remaining minimum lease payments under current leasing standards for the Organization's applicable existing printer operating leases, with corresponding ROU assets of $23,426 as of adoption date on January 1, 2022 (See Note 8).

Advertising: The Organization uses advertising to promote its programs to the community it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $17,549 for the year ended December 31, 2022.

Fair Value of Financial Instruments: Cash equivalents, beneficial interests, grant receivable, prepaid expenses, deposits and accounts payable are reflected in the financial statements at cost, which approximate fair value because of their short-term nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements: In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. This standard update requires that certain financial assets be measured at amortized cost net of an allowance for estimated credit losses such that the net receivable represents the present value of expected cash collection. In addition, this standard update requires that certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses expected to occur over the life of the assets. The estimate of credit losses must be based on all relevant information including historical information, current conditions and reasonable and supportable forecasts that affect the collectability of the amounts. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. This guidance will have no impact on the organization.

3. CONCENTRATION OF RISKS

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts. As of December 31, 2022, the Organization had no cash balances in excess of FDIC insurance at its financial institutions.

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the greater Fort Lauderdale metropolitan area and from agencies of the State of Florida. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the State of Florida. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization's services.

As of December 31, 2022, the Organization had the following revenue concentrations.

	Revenues	Grants Receivable
ADRC	11%	36%
AIDS Health Care Foundation	27%	-
Children's Service Council	12%	11%
City of Fort Lauderdale	15%	36%

4. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	$	104,346
Grants Receivable		241,290
Prepaid Expenses		18,375
Financial assets at year end	$	364,011
Less those unavailable for general expenditure within one year due to:		
Restricted by donor with time or purpose restrictions		(10,902)
Financial assets available to meet cash needs for general expenditures within one year	$	353,109

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. DONOR ADVISED FUNDS

Investment decisions are managed solely by Our Fund. As Donor Advisor, Sunshine Social Services, Inc. dba SunServe within the guidelines of Our Fund, may advise as to distribution of the funds and our earnings. During the year ended December 31, 2022, the Organization received $0 from the fund and the fund balance as of December 31, 2022 was $0.

6. FURNITURE, FIXTURES, AND EQUIPMENT

As of December 31, 2022, furniture, fixtures, and equipment consisted of:

Furniture, Fixtures, & Equipment	$	70,789
Leasehold Improvements		24,629
Total Furniture, Fixtures, & Equipment		95,418
Less: Accumulated Depreciation		(73,808)
Net Book Value	$	21,610

Depreciation expense was $5,325 for the year ended December 31, 2022.

7. NOTES PAYBALE AND LINE OF CREDIT

On February 25, 2021, the Organization entered into a line of credit agreement with Financing Solutions, LLC. with maximum funding of $67,000. The line of credit is personally guaranteed by a Board member and future receivables. Per the agreement, the contract fee is $250 per $5,000 requested and weekly payments begin seven days from receipt of funds. On December 29, 2021, the Organization received $63,650 for the line of credit. During the year ended December 31, 2022, the organization repaid the line of credit in full as well as $16,348 in fees. As of December 31, 2022, the line of credit balance was $0.

On March 15, 2021, SunServe ("Borrower") received loan proceeds in the amount of $317,547 from Bank United (the "Lender") under the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act), The loan matures on March 15, 2026 and bears an interest rate of 1.00% fixed per annum, payable monthly commencing on January 15, 2023, if the Borrower has not applied for forgiveness. The loan may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the PPP loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. SunServe used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if used for qualifying expenses as described in the CARES Act.

SunServe had chosen to account for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition. SNMA had adopted the approach to recognize contribution income as the qualifying expense are incurred. On January 14, 2022, $317,547 of the principal balance and related interest was forgiven.

8. COMMITMENTS AND CONTINGENCY

The Organization determines if an arrangement is a finance lease, operating lease or short-term lease at inception, or as applicable, and accounts for the arrangement under the relevant accounting literature. Currently, the Organization is only party to a non-cancelable office space operating lease. Under the relevant guidance, the Organization recognizes operating lease ROU assets and liabilities based on the present value of the future minimum lease payments over the lease term at the commencement date, using the Organization's assumed incremental borrowing rate of 16.9%, and amortizes the ROU assets and liabilities over the lease term. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

On April 25, 2019, the Organization entered into a lease with maintenance agreement for their downstairs printer. Per the agreement, the monthly payment is $350 for 63 months to end on July 25, 2024.

On September 17, 2019, the Organization entered into a lease with maintenance agreement for their upstairs printer. Per the agreement, the monthly payment is $523 for 63 months to end on December 17, 2024.

8. COMMITMENTS AND CONTINGENCY (CONT'D)

The Organization entered into an amendment to the original lease agreement on May 16, 2016 for the 2nd floor, Suite Numbers 3, 4, 5, 7, 8 & 13 of 2312 Wilton Drive, Wilton Manors, Florida. The Organization entered into a new three-year lease on September 21, 2020 effective November 1, 2020 through October 31, 2023. The monthly rent beginning November 1, 2020 was $11,182, then increased to $11,629 on November 1, 2021, and increased to $12,094 on November 1, 2022.

The Organization rents space at a local church on a verbal month-to-month basis for $4,000 a month for their senior and youth & family services.

Rent expense was $206,495 for the year ended December 31, 2022. Equipment lease expense was $9,708 for the year ended December 31, 2022.

As of January 1, 2022, the Organization adopted ASC 842, Leases. The Organization recognizes ROU assets and lease liabilities at the adoption date based on the present value of future minimum lease payments over the lease term. The discount rate used was the incremental borrowing rate of 16.9% in determining the present value of the future minimum lease payments. The Organization recognized ROU assets of $23,426 and lease liabilities of $23,426 as of adoption date. As of December 31, 2022, the Company's ROU assets and liabilities related to the lease are as follows:

ROU Asset	$	16,383
Current portion of lease liabilities		8,330
Lease liabilities, less current portion		8,053
Total lease liabilities	$	16,383

The future minimum lease payments for the new facility as of December 31, 2022 are as follows:

For the Year Ending December 31,		
2023	$	131,413
2024		8,724
Future Minimum Lease Payment Total		140,137
Less: Present Value Discount		(2,814)
Total	$	137,323

9. PENSION PLAN

In March of 2014, the Organization created a 403 (b) pension plan for employees. Amounts were deducted during the year from employees' pay and were transferred to a 403 (b) pension plan provider. The Organization does not match employee contribution to the 403 (b).

10. SUBSEQUENT EVENTS

Date of Management's Review: In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 24, 2023, the date that the financial statements were available to be issued.

On December 22, 2022, the Organization entered into a lease agreement with AIDS Healthcare Foundation ("AHF"). The lease is for Floor 3 of AHF facilities in Fort Lauderdale, estimated to be 5,5000 sq. ft, and shall commence on January 1, 2023 and shall expire on January 1, 2028. The monthly rental fee of $13,750 shall begin when the Occupancy date occurs, following the build out and improvement of the floor. As of June 30, 2023, occupancy has not occurred.

On December 22, 2022, the Organization entered into a management services and support agreement ("MSSA") with AHF. Per the agreement, AHF may provide services of a General Manger, general administrative services, and operation services ("services"). AHF shall provide financial support in the form of a resolving line of credit in the amount of $150,000 ("financial support") noted below. The term shall commence on the effective date of the Affiliation agreement and continue for 36 months and may be terminated at anytime.

The Organization entered into an affiliation agreement ("Affiliation Agreement") with AHF effective January 1, 2023. AHF will become the sole member of the Organization's Board. AHF will provide the following commitments to the Organization: (1) services and financial support described in the MSSA without compensation or expectation of repayment and (2) provide a commitment to build out and improve the 3rd floor of AHF facilities. These commitments are subject to the following: (a) financial support will remain in effect for 3 years from the effective date and (b) commitment will automatically expire at the earlier of either termination of the MSSA or Affiliation Agreement.

On January 3, 2023, the Organization entered into a $150,000 revolving promissory note agreement with AIDS Healthcare Foundation with an interest rate of 0%, payable on demand. The Organization may borrow, prepay, repay and reborrow loans from AHF at any time and AHF agrees to make revolving loan as requested on any business day. The Organization shall maintain a zero outstanding balance on the revolving loan commitment for at least 30 consecutive days during each year the note is in effect. The organization shall submit to AHHF quarterly financial statements and bi-annually cashflow forecasts.