PSYCHO-SOCIAL REHABILITATION CENTER, INC.
D/B/A FELLOWSHIP HOUSE

INDEPENDENT AUDITOR'S
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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JUNE 30, 2022

THOMAS & COMPANY, C.P.A., P.A.
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Psycho-Social Réhabilitation Center Inc. D/B/A Fellowship House
Miami, Florida

Opinion
We have audited the accompanying financial statements of Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House (a Not-for-profit corporation) ("the Agency"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and statement of cash flows for the year 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 Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House as of June 30, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House 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 Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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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 Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House '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 Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House's ability to continue as a going concern for a reasonable period of time.

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards and State Projects, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Auditor General is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The Florida Department of State, Rule 65E-14.003, Audits of Contractors participating in the Substance Abuse and Mental Health Programs require that Schedules of State Earnings, Bed Day Availability, Related Party Transaction Adjustments, and Cost Center Actual Funding Source and Expense Schedule be presented to supplement the financial statements. Such information, although not a part of the financial statements, are required by the Florida Department of State, Rule 65E-14.003, Audits of Contractors Participating in the Substance Abuse and Mental Health Programs, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United Stated of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2022, on our consideration of Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House's 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 Psycho-Social Rehabilitation Center Inc. D/B/A Fellowship House's internal control over financial reporting and compliance.

Thomas & Company CPA PA

Thomas & Company CPA
Cooper City, Florida
December 1, 2022

PSYCHO-SOCIAL REHABILITATION CENTER, INC.
D/B/A FELLOWSHIP HOUSE
COMBINED STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Current Assets			
Cash	$ 842,798	$ -	$ 842,798
Grants and Program Fees Receivable	800,871	-	800,871
Accounts Receivable, Net	204,033	-	204,033
Prepaid Expenses	83,356	-	83,356
Total Current Assets	**1,931,058**	**-**	**1,931,058**
Long-Term Assets			
Property and Equipment, Net	3,956,881	96,873	4,053,754
Other Assets	90,387	-	90,387
Total Long-Term Assets	**4,047,268**	**96,873**	**4,144,141**
TOTAL ASSETS	**$ 5,978,326**	**$ 96,873**	**$ 6,075,199**

LIABILITIES AND NET ASSETS

Current Liabilities			
Account Payable and Accrued Expenses	$ 579,215	$ -	$ 579,215
Line of Credit	182,989	-	182,989
Advance to Mentors	6,113	-	6,113
Total Current Liabilities	**768,317**	**-**	**768,317**
Long Term Liabilities			
Mortgage Payable	2,357,238	-	2,357,238
Loan Payable	35,115	-	35,115
Total Long term Liabilities	**2,392,353**	**-**	**2,392,353**
TOTAL LIABILITIES	**3,160,670**	**-**	**3,160,670**
Net Assets	2,817,656	96,873	2,914,529
TOTAL NET ASSETS	**2,817,656**	**96,873**	**2,914,529**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,978,326**	**$ 96,873**	**$ 6,075,199**

PSYCHO-SOCIAL REHABILITATION CENTER, INC.
D/B/A FELLOWSHIP HOUSE
COMBINED STATEMENT OF ACTIVITIES
June 30, 2022

REVENUE AND SUPPORT	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Government & State Funding	$ 5,458,098	$ -	$ 5,458,098
Local Government Funding	170,309	-	170,309
Medicaid Income	2,442,407	-	2,442,407
Residential Rents	342,137	-	342,137
Program Fees	1,296	-	1,296
Other Income	961,567	-	961,567
TOTAL REVENUE AND SUPPORT	**9,375,814**	**-**	**9,375,814**
Net Assets Released From Restrictions:			
Satisfaction of Purpose or Time Restriction:	48,437	(48,437)	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	**9,424,251**	**(48,437)**	**9,375,814**
OPERATING EXPENSES:			
Program Services	6,580,741	-	6,580,741
Supporting Services	1,487,559	-	1,487,559
Management and General	904,657	-	904,657
TOTAL EXPENSES	**8,972,958**	-	**8,972,958**
CHANGE IN NET ASSETS	**451,293**	**(48,437)**	**402,856**
NET ASSETS AT BEGINNING OF YEAR	**2,366,363**	**145,310**	**2,511,673**
NET ASSETS AT END OF YEAR	**$ 2,817,656**	**$ 96,873**	**2,914,529**

PSYCHO-SOCIAL REHABILITATION CENTER, INC. D/B/A FELLOWSHIP HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

WITHOUT DONOR RESTRICTIONS

	PROGRAM SERVICES												
	RESIDENTIAL												
	LEVEL II	LEVEL IV-V	BEHAVIORAL HEALTH	DAY/NIGHT	CASE MANAGEMENT	CLUBHOUSE	FACT	MRST	FMT	TOTAL	SUPPORTING SERVICES	MANAGEMENT AND GENERAL	TOTAL
Salaries	525,895	101,744	544,262	385,607	352,317	137,974	739,351	116,903	192,827	3,096,880	611,680	495,513	4,204,072
Fringe Benefits	62,605	20,528	71,755	52,975	52,908	21,701	106,297	15,238	29,488	433,495	111,562	87,755	632,812
TOTAL PERSONNEL COSTS	588,500	122,272	616,017	438,582	405,225	159,675	845,648	132,141	222,315	3,530,375	723,242	583,267	4,836,884
Building Occupancy	173,953	337,031	63,967	148,850	79,826	168,709	25,280	136	27,998	1,025,749	266,870	54,330	1,346,950
Professional Services	13,281	-	3,034	57,933	27	165	16,714	12,867	67,533	171,553	1,569	41,196	214,318
Travel	16,882	609	3,675	-	4,171	111	14,968	3,431	3,020	46,867	89,283	7,450	143,600
Equipment Costs	8,138	897	12,088	7,881	9,197	6,205	6,899		840	52,145	104,811	25,739	182,695
Food Services	34,980	1,199	210	166,504		30,871	-	108		233,873	6,703	3,961	244,536
Insurance	68,116	30,274	23,839	30,274	64,332	18,922	18,921		7,569	262,247	52,763	49,195	364,205
Interest	-	-	2,677	60,158	6,635	15,371	16,640			101,482	2,795	6,504	110,781
Operating Supplies and Expenses	32,326	46,875	248,642	20,847	52,446	15,030	427,830	48,406	264,049	1,156,450	239,524	131,937	1,527,911
TOTAL OTHER EXPENSES	347,676	416,885	358,131	492,447	216,634	255,384	527,252	64,949	371,009	3,050,367	764,318	320,311	4,134,996
TOTAL EXPENSES	936,176	539,157	974,149	931,028	621,859	415,059	1,372,900	197,089	593,324	6,580,741	1,487,559	903,578	8,971,879

PSYCHO-SOCIAL REHABILITATION CENTER, INC.
D/B/A FELLOWSHIP HOUSE
COMBINED STATEMENT OF CASH FLOWS
June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$**	**402,856**
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation & Amortization		**282,750**
Less: Extinguishment of Debt		(788,700)
Increase/Decrease in Grant and Program Fees Receivable		77,073
Increase/Decrease in Accounts Receivable		(199,470)
Increase/Decrease in Prepaid Expenses		(53,048)
Decrease/ Increase in Accounts Payable and Accrued Exp.		92,337
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		**(186,202)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment		(37,478)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(37,478)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in Line of Credit		(42,011)
Decrease in Mortgage Payable		(83,436)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		**(125,447)**
NET DECREASE IN CASH		**(349,127)**
Cash Beginning of the Year		**1,191,925**
Cash End of the Year	**$**	**842,798**
SUPPLEMENTAL DISCLOSURES		
Interest Paid During the Year	**$**	**138,667**

"The accompanying notes are an integral part of this financial statement"

NOTE 1 - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Psycho-Social Rehabilitation Center, Inc. d/b/a Fellowship House ("Fellowship House") was incorporated in the State of Florida in 1973, as a not-for-profit corporation, for the purpose of assisting patients with a history of psychiatric disabilities by providing pre-vocational training and resocialization services. Fellowship House derives its principal support and revenue on account of grants from federal, state, and county government agencies, third party provider fees, including fees from the Florida Medicaid Program, and rental charges to members. The following entities are combined within the combined financial statements as of June 30, 2022.

- Silver Bluff, Inc. ("Silver Bluff") was created by the Board of Directors of Fellowship House for the purpose of holding specific real estate assets and liabilities and has been reflected within Fellowship House's operations.

- Fellowship House Foundation, Inc. ("Foundation") was created by the Board of Directors of Fellowship House for the purpose of fundraising for the needs of the Fellowship House.

- Fellowship House Employment ("Fellowship Employment") Fellowship House Employment Services, Inc. was created by the Board of Directors of Fellowship House to provide job opportunities for individuals with mental illness to video and audio tape meetings at municipal proceedings.

The accompanying combined financial statements include the accounts of the entities listed above along with the Fellowship House (together referred to as the Organization). They are presented on a combined basis because the four entities have the same management team, common board members, and are financially interrelated. All balances and transactions are eliminated on a combined basis.

The principal programs of the Organization are as follows:

- **Residential Program** - Provides supervised residential facilities varying from twenty-four hour closely supervised group housing to satellite apartments providing assistance on an "on call" basis.

- **Day/Night Program** - provides members with supportive opportunities to enhance social, interpersonal, vocational and basic living skills with the goal of achieving maximum community integration.

- **Behavioral Health Program** - Provides professional assistance to participants with mental health treatment and therapeutic services including consultation and evaluation, medication management, treatment plan review and individual and group therapy to increase coping with mental illness and preventing relapse.

Note 1: NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Case Management** - Assists members in developing an awareness of and utilization of available community resources.

- **Fact Team Program** - Provides comprehensive community based treatment and support to persons with severe and persistent mental illness through an accountable and mobile multidisciplinary, organized mental health staff.

- **Club Fellowship** - Utilizing a clubhouse model and a work ordered day, the program provides vocational instruction and employment opportunities to help members focus on their strengths and make proactive decisions regarding their treatment. Staff also provides job development services and assistance to members in applying for outside employment.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual Basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are changes therein are classified and reported as follows:

Without Donor Restrictions – Net Assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting, the Organization tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s mission and purpose. 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. Donor-imposed restrictions are released when the restriction expires, that is when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity

Contributions – Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contribution revenue with donor restrictions.

Note 1: NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services – Donated assets, if significant, are recorded as contributions at their estimated values at date of receipt. Donated services are recognized when there is an objective basis to measure such services and such services creates or enhances a non-financial asset or the service requires specialized skills that would be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time to the Organization that are not recognized since such contributed services do not meet the preceding criteria.

Property and Equipment, Net

Property and equipment are recorded at cost when purchased or constructed or at their estimated fair values when donated. Additions, improvements and expenditures for maintenance that add materially to productive capacity or extend the life of an asset are capitalized. Other expenditures for maintenance are charged to expenses. In the case of disposals, the assets and related reserves are removed from the accounts and the net amount, less proceeds from disposal, is charged or generally credited to income. Depreciation of property and equipment is computed by the straight line method over the estimated useful lives of the assets generally ranging from 5 to 25 years for buildings and improvements and from 3 to 10 years for furniture and equipment. In addition, The Organization evaluates the carrying value of long-lived assets when management makes a decision to dispose of the asset or circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization compares the carrying amount of the asset to net future undiscounted cash flows that an asset is expected to generate. The impairment is recognized to the extent that the carrying value is greater than future cash flows.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The residential fee revenue and grants received are generated substantially from completed services. Those services are based on a negotiated unit rate and revenue is recognized once the organization provides the services and bills the managing entity for the units delivered on a monthly basis. The organization identifies all performance obligations in connection with the services and only recognizes revenue once the performance obligations have been met and does not believe that it is required to provide additional services or obligations to the client. For grants received the service unit prices (transaction price) is evidenced in the grant award amount and based upon a budget for expenditures. Since the grants are awarded on a unit cost basis and there is a budget established by the Organization, costs are reimbursed in accordance with the units delivered at the end of the month when billings occur

Note 1: NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

with the expenditures as performance obligations are satisfied. For Patient Service revenue, revenue is recognized after the client has received the services and the funds are billed to the insurance company. The transaction price is allocated based on the service provided. Revenue is recognized at a specific point in time once the performance obligation relating to the program is met. Typically, billings occur monthly after revenue is recognized.

Management has analyzed the provisions of the FASB's ASC Topic 606, Revenue from Contracts with Customers, and have concluded that no changes are necessary to conform with the new standard. Grants are recorded as revenue once the appropriate performance obligations have been met and requests reimbursement. Patient service revenue & Rental Income are recognized monthly after the performance obligations have been satisfied with respect to the applicable service for that month. No adjustment has been recorded as the organization does not expect there to be any retrospective adjustments for the services performed prior to July 1, 2019.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Statement of Financial Position. Amounts are billed upon achievement of contractual milestones. However, sometimes receive advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized. The Beginning and Ending balances of contract receivables are the following:

	2022	2021
Receivables	1,004,904	877,944
Unbilled Receivables		
Advances and Deposits		

It is the policy of the Organization to record the total grant amount at the time of award and defer the unexpended portion until earned. Government funds restricted by the grantor for plant acquisitions or operating purposes are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific restrictions.

Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America the use of estimates and assumptions by management. Such estimates, which are based on prior operating history and industry standards,

Estimates (Cont.)

affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is a not -for-profit corporation exempt from taxation under Section 501(c) (3) of the Internal Revenue Code; accordingly, no provision for income taxes is required. The organization files its tax returns in the U.S. federal jurisdiction. With few exceptions, Fellowship House is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019.

Cash and Cash Equivalents

Cash and Cash Equivalents consists of cash held in different checking and money market accounts and is considered highly liquid. At various times during the fiscal year, the Organization's cash balance exceeded the federally insured limits of $250,000. As of June 30, 2022, cash balance was $ 589,753 held with different financial institutions. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

Basis of Accounting

The Organization uses the accrual method of accounting as prescribed by Generally Accepted Accounting Principles in the United States of America.

Fixed Assets

Fixed Assets valued in excess of $1,000 are capitalized. Fixed Assets are valued at cost when purchased or estimated fair value at date of donation and are depreciated using the straight-line method over their estimated useful lives of five to seven years. In the absence of donor restrictions in the use of donated fixed assets, the Organization records such donations as revenue in the period received. As of June 30, 2022, The Organization has following Assets:

Land	$ 2,346,021
Building and Improvements	4,866,389
Furniture, Fixtures, and Equipment	2,724,451
Total	9,936,861
Less: Accumulated Depreciation	(5,883,107)
Net Assets	$ 4,053,754

Depreciation Expense for the year ended June 30, 2022 was $282,750.

Fair Value of Financial Instruments

The carrying amount of receivables approximates fair value because of the short-term nature of such receivables or the credit worthiness, interest rates, and collateral provided on long-term receivables. The carrying value of notes payable generally approximates fair value due to short-term maturities, adjustable interest rates and interest rates that are similar to current rates obtained by the Organization. Borrowings and loans generally from government sources, for the acquisition of long-lived assets are reflected at face value when the use of the long-lived asset is stipulated by the government lender (grantor) and the sale or deviation from such stipulated use requires immediate repayment of the grant.

Note 2: NOTES PAYABLE AND LINE OF CREDIT

The Organization has a note payable which requires sixty monthly payments in the amount of $16,493, consisting of principal, based on a twenty-five-year amortization, and interest at the fixed rate of 5.64% per annum. In May 2019, the terms of the note modified to require 59 additional monthly payments of principal and interest based on a twenty-year amortization. The interest rate will be charged at 3.25% above the five-year Treasury Bill constant rate established by the U.S. Treasury as of the report date. The rate shall be fixed for the remainder of the loan until April 2024 with a floor of 4.5%. All principal and interest are due on April of 2024. As of June 30, 2022, the balance on the note was $2,357,238.

In May 2019, the Organization entered into an agreement with a corporation to finance renewable energy sources, energy efficiency, and wind resistance improvements. The balance of that note payable as of June 30, 2022 is $182,989. The note bears interest at 5.75% annum and is due in May 2039. The Organization has a line of credit with a maximum amount of $500,000 bearing interest at 1% above the Wall Street Journal prime rate (4.75 % as of June 30, 2022) The line carries a balance of $225,000 as of June 30, 2022. Substantially, all the assets of the Organization serve as collateral for the note payable listed above.

The principal payments on the note payable are due as follows:

Year ending June 30:

2022	86,054
2023	86,054
2024	86,054
2025	86,054
Thereafter	2,013,022
	$ 2,357,238

Interest expense on notes payable and line of credit totaled $132,328 and $6,339, respectively for the year ended June 30, 2022.

Note 3: ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts Receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. Management allocated $10,000 as allowance for doubtful accounts for the year ended June 30, 2022.

Note 4: COMMITMENTS AND CONTIGENCIES

In the normal course of activities, the Organization receives grants and other forms of reimbursement from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all of the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

Note 5: TRUST FUNDS PAYABLE

Fellowship House acts as a representative payee for social security benefits on behalf of members. The benefits are managed by Fellowship House to ensure that the member’s current and foreseeable needs are being provided. The benefits in excess in current needs requirements are held in an account with a financial institution. As of June 30, 2022, funds for members consisted of $6,113.

Note 6: ECONOMIC DEPENDENCY

The Organization’s program service revenues are derived mostly from contracts with the State of Florida Department of Children and Families. Majority of the revenues related to these contracts are for direct services provided through subcontracts with providers. The Organization’s ability to continue operating is primarily predicated on funding from governmental agencies and is expected to continue.

Note 7: GRANT RECEIVABLES

Grants receivable consists of amounts due from a governmental agency for services. The carrying amount of Grants receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all Grants receivable balances and based on an assessment of current collectability, estimates the portion of the balance, if any that will not be collected. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The Organization considers all of the receivables to be collectible at June 30, 2022.

Note 8: LEASES

Fellowship House is obligated under various long-term leases for equipment, vehicles and buildings which expire at various dates through fiscal year 2024. Minimum Future annual rentals, exclusive of escalation and maintenance charges for such leases at June 30, 2022 approximate the following years Ending: June 30:

	Equipment	Building	Total
2023	6,517	159,577	166,094
2024		29,424	29,424
Total	$ 53,635	$ 495,018	$ 548,653

Fellowship House also leases residential and storage facilities and equipment on a short term or month-to-month basis. Rent Expense for the year ended June 30, 2022, is $581,020

Note 9: CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are exposed to credit risks. The Organization maintains cash and cash equivalents in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the Organization’s cash accounts are placed with high credit quality financial institutions. The Organization regularly evaluates its depository arrangements and investment strategies.

Note 10: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 11: RELATED PARTY TRANSACTIONS

Related parties include:
- Al Klomparens – Board of Director, Secretary
- Nancy Green – Board of Director, Treasurer
- Louise Jeroslow, Esq- Board of Director –Chairperson

Related party transactions include:
- Al Klomparens, is Senior Vice President of Kahn-Carlin & Co, Inc. This company was paid by the Organization for services rendered in connection with brokerage services relating to insurance policies and coverage purchased during the year.

Note 11: RELATED PARTY TRANSACTIONS (Cont.)

- Nancy Green is Senior Vice President of Wells Fargo Securities. As of June 30, 2022, the Organization maintained money market accounts with the financial institution.
- Louise Jeroslow is an attorney who provides general legal counsel for the organization

The Organization has adopted a conflict-of-interest policy whereby board members are disqualified from participating in the final decisions regarding any action affecting their related company or organization.

Note 12: PROFIT SHARING PLAN

Qualified full-time employees of Fellowship House participate in a defined contribution profit-sharing plan. The plan for the benefit of eligible employees upon their retirement, death or disability, provides for an annual contribution to a trust fund at the discretion of Fellowship House based on a percent of eligible employee adjusted compensation (as defined). In this connection, Fellowship House made a matching contribution of 1% to the plan for the year ended June 30, 2022. There was no matching employer contribution for the year ended June 30, 2022

Note 13: COMPENSATED ABSENCES

The Organization's liability for compensated absences of their employees was $95,584, which is included in other accounts payable and accrued expenses as of June 30, 2022. This represents amounts owed to employees under the Organization's paid leave policies.

Note 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 1, 2022 which is the date the financial statements became available to be issued. As a result of the spread of the COVID-19 "Coronavirus", economic uncertainties have arisen which are likely to negatively impact Psycho-Social Rehabilitation Center, Inc. d/b/a Fellowship House's revenue sources. Other financial impacts could occur, although such potential impacts are unknown at this time.

Note 15: NET ASSETS WITH DONOR RESTRICTIONS

The Organization entered into an agreement to with the US Department of Housing and Urban Development to conduct a project for supportive housing within ten (10) years after the project is placed in service, the Project Sponsor (HUD) and the Titleholder (the Organization), their successors or assigns, shall be obligated to repay HUD one hundred percent (100%) of any assistance received for acquisition, rehabilitation and new construction under the Agreement. If such project is used as supportive housing for more than ten (10) years, HUD shall reduce the percentage of the amount required to be repaid by ten (10) percentage points for each year in excess

Note 15: NET ASSETS WITH DONOR RESTRICTIONS

of ten (10) that the project is used as supportive housing. The covenants for these projects expire in 2024. The balance of Net Assets with Donor Restrictions as of June 30, 2022 is $96,873.

Note 16 : PPP LOAN

On April 15, 2020, the Agency received loan proceeds in the amount of approximately $788,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part. The forgiven part of the loan is under Other Income.

Note 17 – LIQUIDITY

The Organization’s main source of revenue is contributions and grants. These sources of revenue are what will be used to fund the Organization operations; the remainder of the revenue is from contributions from various sources. The Organization considers contributions without donor restrictions, program income and other miscellaneous income for use in programs that are ongoing, major, and central to its annual operations as available to meet cash needs for general expenditures. General expenditures include general and administrative expenses, program costs, and other administrative costs which are necessary to sustain operations and is expected to be paid in the subsequent year. Annual operations are defined as total expense related to both program services and supporting services activities. The Organization manages its cash available to meet general expenditures through the following three guiding principles:

1. Operating within a prudent range of financial soundness and stability
2. Maintaining adequate liquid assets
3. Maintaining sufficient reserves to provide reasonable assurance that long-term agreements or other commitments and obligations will continue to be met, thereby ensuring the sustainability of the Organization.

The Assets which are listed on the balance sheet as current assets (Cash, Grants Receivable and Accounts Receivable) are all assets available for general expenditure. Although, complete

Note 17 – LIQUIDITY (Cont.)

receivables may not be fully collectible (expected to collect 100%), the net realizable value of Accounts Receivable is available for general expenditures.

Liquidity Management

The Organization maintains a policy of structuring financial assets to be available as general expenditures, liabilities, and other obligations become due. In addition to help manage unanticipated liquidity needs, the Organization has a loan with a financial institution (Note 2 & 18) to draw upon immediate cash needs.

PSYCHO-SOCIAL REHABILITATION CENTER, INC.
D/B/A FELLOWSHIP HOUSE

COMBINING STATEMENT OF FINANCIAL POSITION
June 30, 2022

	WITHOUT RESTRICTIONS			WITH RESTRICTIONS		
ASSETS	**FELLOWSHIP HOUSE**	**FELLOWSHIP FOUNDATION, INC.**	**FELLOWSHIP EMPLOYMENT SERVICES INC.**	**FELLOWSHIP HOUSE**	**ELIMINATIONS**	**TOTAL**
Current Assets						
Cash	$ 511,660	$ 331,138	$ -	$ -	$ -	$ 842,798
Grants and Program Fees Receivable	800,871	-	-	-	-	800,871
Accounts Receivable, Net	204,033	-	-	-	-	204,033
Prepaid Expenses	83,356	-	-	-	-	83,356
Total Current Assets	**1,599,920**	**331,138**	**-**	**-**	**-**	**1,931,058**
Long-Term Assets						
Property and Equipment, Net	3,956,881	-	-	96,873	-	4,053,754
Other Assets	90,387	-	-	-	-	90,387
Total Long-Term Assets	**4,047,268**	**-**	**-**	**96,873**	**-**	**4,144,141**
TOTAL ASSETS	**$ 5,647,188**	**$ 331,138**		**$ 96,873**	**$ -**	**$ 6,075,199**
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accrued Expenses and Accrued Expenses	$ 579,159	$ 56	$ -		$ -	$ 579,215
Line of Credit	182,989	-	-			182,989
Advance to Mentors	6,113	-	-			6,113
Total Current Liabilities	**768,261**	**56**	**-**	**-**	**-**	**768,317**
Long Term Liabilities						
Mortgage Payable	2,357,238	-	-	-	-	2,357,238
Loan Payable	35,115	-	-	-	-	35,115
Total Long term Liabilities	**2,392,353**			**-**		**2,392,353**
TOTAL LIABILITIES	**3,160,614**	**56**		**-**	**-**	**3,160,670**
Net Assets	2,486,574	331,082		96,873	-	2,914,529
TOTAL NET ASSETS	**2,486,574**	**331,082**	**-**	**96,873**	**-**	**2,914,529**
TOTAL LIABILITIES AND NET ASSETS	**$ 5,647,188**	**$ 331,138**	**$ -**	**$ 96,873**	**$ -**	**$ 6,075,199**

PSYCHO-SOCIAL REHABILITATION CENTER, INC. D/B/A FELLOWSHIP HOUSE

COMBINING STATEMENT OF ACTIVITIES

June 30, 2022

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS		
	FELLOWSHIP HOUSE	FELLOWSHIP FOUNDATION, INC.	FELLOWSHIP HOUSE	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT					
Government & State Funding	$ 5,458,098	$ -	$ -	$ -	$ 5,458,098
Local Government Funding	170,309	-	-	-	170,309
Medicaid Income	2,442,407	-	-	-	2,442,407
Residential Rents	342,137	-	-	-	342,137
Program Fees	1,296	-	-	-	1,296
Other Income	1,034,021	19,644	-	(92,098)	961,567
TOTAL REVENUE AND SUPPORT	**9,448,268**	**19,644**	**-**	**(92,098)**	**9,375,814**
Net Assets Released From Restrictions:					
Satisfaction of Purpose or Time Restriction:	48,437	-	(48,437)	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	**9,496,705**	**19,644**	**(48,437)**	**(92,098)**	**9,375,814**
Program Services	6,580,741	-	-	-	6,580,741
Supporting Services	1,487,559	92,098	-	(92,098)	1,487,559
Mangement and General	903,578	1,079	-	-	904,657
TOTAL EXPENSES	**8,971,879**	**93,177**	**-**	**(92,098)**	**8,972,958**
CHANGE IN NET ASSETS	**524,826**	**(73,533)**	**(48,437)**	**-**	**402,856**
NET ASSETS AT BEGINNING OF YEAR	**1,961,748**	**404,615**	**145,310**	**-**	**2,511,673**
NET ASSETS AT END OF YEAR	**$ 2,486,574**	**$ 331,082**	**$ 96,873**	**$ -**	**$ 2,914,529**