

The Loveland Center, Inc.

**Financial Statements and
Compliance Reports**

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Loveland Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Loveland Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 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 financial statements present fairly, in all material respects, the financial position of The Loveland Center, Inc. as of September 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 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 The Loveland Center, Inc. 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Loveland Center, Inc.'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Loveland Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Loveland Center, Inc.'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 The Loveland Center, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 state financial assistance, as required by *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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2025, on our consideration of The Loveland Center, Inc.'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 solely 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 The Loveland Center, Inc.'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 The Loveland Center, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cannon, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
June 26, 2025

The Loveland Center, Inc.

Statement of Financial Position

September 30, 2024

(with comparative totals for 2023)

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 1,016,310	844,408
Accounts receivable	1,431,657	197,697
Prepaid expenses	<u>6,531</u>	<u>85,009</u>
Total current assets	2,454,498	1,127,114
Other assets:		
Split interest agreement	9,497	10,000
Investment in Community Foundations	693,471	614,612
Property and equipment, net	10,383,763	10,888,229
Construction in progress	<u>2,331,215</u>	<u>175,179</u>
Total assets	<u>\$ 15,872,444</u>	<u>12,815,134</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,163,350	102,956
Accrued salaries	97,148	78,630
Deferred revenue	<u>297,879</u>	<u>147,857</u>
Total current liabilities	<u>1,558,377</u>	<u>329,443</u>
Long-term liabilities:		
Line of credit	365,000	-
Notes payable	<u>2,155,000</u>	<u>2,155,000</u>
Total liabilities	<u>4,078,377</u>	<u>2,484,443</u>
Net assets:		
Without donor restrictions		
Operating-undesignated	814,565	797,671
Property and equipment	<u>8,228,763</u>	<u>8,908,408</u>
Total without donor restrictions	9,043,328	9,706,079
With donor restrictions	<u>2,750,739</u>	<u>624,612</u>
Total net assets	<u>11,794,067</u>	<u>10,330,691</u>
Total liabilities and net assets	<u>\$ 15,872,444</u>	<u>12,815,134</u>

See accompanying notes to financial statements.

The Loveland Center, Inc.

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2024
(with comparative totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023
Revenues, Gains and Support:				
Contributions	\$ 664,497	-	664,497	601,850
Golf tournament and other fund raising revenue	211,961	-	211,961	194,628
Golf tournament and other fund raising expenses	(52,019)	-	(52,019)	(74,148)
Government support	1,334,650	2,047,771	3,382,421	1,264,571
Tuition and fees	311,943	-	311,943	258,788
Rental income	514,398	-	514,398	502,239
Program revenue- workshop	687,911	-	687,911	411,722
Interest	-	5,516	5,516	5,870
In-kind	54,840	-	54,840	49,413
Realized and unrealized gain on investments	-	105,493	105,493	65,658
Miscellaneous	9,618	-	9,618	54,128
Net assets released from restrictions:				
Satisfaction of restrictions	32,653	(32,653)	-	-
 Total revenues, gains and support	<u>3,770,452</u>	<u>2,126,127</u>	<u>5,896,579</u>	<u>3,334,719</u>
Expenses:				
Program services:				
Educational	2,160,924	-	2,160,924	1,849,192
Supported employment	22,217	-	22,217	58,100
Village / Recreation	1,044,956	-	1,044,956	958,906
Clinic	573,891	-	573,891	431,399
Total program services	<u>3,801,988</u>	<u>-</u>	<u>3,801,988</u>	<u>3,297,597</u>
Supporting services:				
Management and general	471,081	-	471,081	386,551
Fundraising	196,909	-	196,909	285,769
Total supporting services	<u>667,990</u>	<u>-</u>	<u>667,990</u>	<u>672,320</u>
 Total expenses	<u>4,469,978</u>	<u>-</u>	<u>4,433,203</u>	<u>3,969,917</u>
 Change in net assets	(699,526)	2,126,127	1,463,376	(635,198)
 Net assets- at beginning of year	<u>9,706,079</u>	<u>624,612</u>	<u>10,330,691</u>	<u>10,965,889</u>
 Net assets - at end of year	<u>\$ 9,006,553</u>	<u>2,750,739</u>	<u>11,794,067</u>	<u>10,330,691</u>

See accompanying notes to financial statements.

The Loveland Center, Inc.

Statement of Functional Expenses
Year Ended September 30, 2024
(with comparative totals for 2023)

	2024								
	Program Services				Supporting Services				
	Educational	Supported Employment	Village/ Recreation	Clinic	Total	Management and General	Fundraising	Total	2023
Operating:									
Salaries	\$ 1,256,906	9,634	110,988	438,141	1,815,669	218,119	124,878	2,158,666	1,912,339
Employee benefits	134,998	1,069	2,281	43,445	181,793	28,508	19,138	229,439	213,729
Payroll taxes	95,629	808	3,356	29,608	129,401	16,499	7,842	153,742	141,735
Total salaries and related expenses	1,487,533	11,511	116,625	511,194	2,126,863	263,126	151,858	2,541,847	2,267,803
Insurance	104,062	6,272	91,375	12,544	214,253	29,295	9,418	252,966	187,092
Printing and postage	555	-	106	42	703	316	704	1,723	13,916
Professional services	49,283	2,807	176,246	28,873	257,209	75,857	14,926	347,992	318,981
Repairs and maintenance	81,322	-	59,357	214	140,893	-	-	140,893	133,479
Food and supplies	37,802	-	2,489	9,932	50,223	10,267	6,543	67,033	41,499
Rent	125,507	-	-	-	125,507	-	-	125,507	115,524
Taxes	6,132	-	14,941	-	21,073	9,091	-	30,164	25,140
Telephone	16,158	1,222	8,948	974	27,302	2,052	2,126	31,480	45,204
Travel and staff development	51,052	50	663	5,383	57,148	8,753	1,114	67,015	69,298
Utilities	45,751	-	65,894	1,734	113,379	-	-	113,379	112,224
Marketing	1,016	-	1,792	-	2,808	1,008	4,442	8,258	8,962
Office	23,110	355	963	2,993	27,421	15,675	3,209	46,305	30,681
Other	9,410	-	27,357	8	-	55,641	2,569	58,210	48,498
Total expenses- operating	2,038,693	22,217	566,756	573,891	3,164,782	471,081	196,909	3,832,772	3,418,301
Depreciation	122,231	-	478,200	-	600,431	-	-	600,431	551,616
Total functional expenses	\$ 2,160,924	22,217	1,044,956	573,891	3,765,213	471,081	196,909	4,433,203	3,969,917

See accompanying notes to financial statements.

The Loveland Center, Inc.

Statement of Cash Flows
Year Ended September 30, 2024
(with comparative totals for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,463,376	(635,198)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Realized and unrealized gain on investments	(105,493)	(65,658)
Change in split interest agreements	503	-
Depreciation	600,431	551,616
PPP loan forgiveness	-	(45,373)
(Increase) decrease in:		
Accounts receivable	(1,233,960)	7,210
Prepaid expenses	78,478	(74,993)
Increase (decrease) in:		
Accounts payable	1,060,394	58,458
Accrued salaries	18,518	9,081
Deferred revenue	<u>150,022</u>	<u>147,857</u>
 Cash flows from operating activities	 <u>2,032,269</u>	 <u>(47,000)</u>
Cash flows from investing activities:		
Investment in Community Foundations	(2,284)	(2,838)
Distributions from Community Foundations	28,918	27,542
Construction in progress	(2,156,036)	-
Purchase of property and equipment	<u>(95,965)</u>	<u>(252,180)</u>
 Cash flows from investing activities	 <u>(2,225,367)</u>	 <u>(227,476)</u>
Cash flows from financing activities:		
Proceeds from line of credit	<u>365,000</u>	<u>-</u>
 Cash flows from financing activities	 <u>365,000</u>	 <u>-</u>
Net increase (decrease) in cash and cash equivalents	171,902	(274,476)
Cash and cash equivalents - beginning of year	<u>844,408</u>	<u>1,118,884</u>
Cash and cash equivalents - end of year	<u>\$ 1,016,310</u>	<u>844,408</u>

See accompanying notes to financial statements.

The Loveland Center, Inc.

Notes to Financial Statements

September 30, 2024

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

The Loveland Center, Inc. (“the Center”) is a not-for-profit corporation. It was incorporated to help individuals with intellectual and developmental disabilities (IDD) live their lives to the fullest through educational, vocational, residential and recreational programs. The Center is supported by contributions from the general public, fees and grants from governmental agencies, student tuition, and various fundraising activities.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations (FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Accordingly, the Center is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. A description of the net asset categories follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

With Donor Restrictions – Net assets subject to donor-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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectable promises to give is provided based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Property and Equipment

It is the Center's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Center reclassifies net assets with donor restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to thirty-three years.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements 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.

Donated Services and In-Kind Contributions

Contributed services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. These services are recorded at the respective fair values of the services received.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates by management.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Income Taxes

The Center has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of accounting standards relating to accounting for uncertainty in income taxes. Management has determined that the Center had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2024. The Center's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Note 2 – Uninsured Cash Balances:

The Center's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Center places its cash and cash equivalents with a local financial institution. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit. Management considers the risk to be minimal.

Note 3 – Property and Equipment:

Property and equipment consist of the following:

Land	\$ 766,412
Buildings	3,305,200
Furniture, fixtures, and equipment	246,579
Automotive equipment	473,425
Loveland Village	11,972,531
Total	<u>16,764,147</u>
Less – accumulated depreciation	(6,380,384)
Net property and equipment	<u>\$ 10,383,763</u>

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 4 – Construction in Progress:

The Center is developing three - 3 story apartment buildings, and 19 duplexes (38 units) as an addition to the Loveland Village apartment complex. This expanded community will be known as the Senator Nancy C. Detert Residential Community (Detert Complex). This one-of-a-kind development seeks to provide an opportunity for individuals with Intellectual and developmental disabilities to be seen as equals in society, living next to and alongside of non-IDD members of the community. This project will at the same time addressing the growing affordability and housing shortage in Southwest Florida by setting aside the remainder of the units as affordable housing for Seniors and non-profit workers.

While housing for Seniors is not part of the mission of Loveland Center Inc. one of the greatest aspects that the Center has enjoyed over the sixty years of services is the support from the senior community, as many seniors have given back to the community by volunteering with the participants of the Center and vice-versa. The Center feels that creating an inclusive community of seniors and individuals with I/DD there will be a cohesive mutual support of one another.

This property is projected to have 121 residential units, (83 - 1 to 2 bedroom apartments ranging from 700 - 950 sq ft. and 38 duplex style villa homes up to 1400 sq ft per unit) with a set aside for up to 40% of the units to be designated as housing for I/DD individuals.

A majority of the funding for this project comes from government grants which, to date, total \$22,500,000. As of December 31, 2024, the Center received approximately \$2,000,000 under these grants.

The Center entered into a construction contract with a total contract cost of approximately \$24,000,000 for the construction of this development. As of September 30, 2024, the contract is approximately six percent complete. The Center anticipates a certificate of occupancy to be issued in December 2025.

Note 4 – Deferred Revenue:

Deferred revenue includes proceeds from a \$1,000,000 pledge for naming rights to one of the new apartments under construction. Terms of the pledge agreement call for seven equal annual payments of \$142,857 beginning September 2023. As of September 30, 2024, \$185,714 has been received under this pledge.

Note 5 – Employee Benefit Plan:

The Center has a 403(b) tax deferred annuity plan for the benefit of employees. Employees may contribute to the plan and the Center may make a discretionary contribution each year that does not exceed 4% of the active participants' compensation. The Center made contributions of \$14,703 to the employee benefit plan for the year ended September 30, 2024.

Note 6 – Line of Credit:

The Center has a \$2,000,000 revolving line of credit to assist with a local credit union to provide funds for the construction the Detert Complex. Terms call for monthly interest payments through its maturity in June 2026. Interest is variable at Wall Street Journal Prime rate less 1.75 points but not less than 6%. Collateralized by a first mortgage. The balance on the line of credit was \$365,000 at September 30, 2024

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 7 – Notes Payable:

The Center is indebted on the following obligations as of September 30, 2024:

The Florida Housing Finance Corporation and the City of Sarasota have provided funding for Loveland Village in the form of loans to the Center collateralized by mortgages as follows:

Florida Housing Finance Corporation under the Extremely Low Income Program. Total amount available to be drawn is \$835,000. Non-interest bearing loan, principal to be forgiven in 2030 if all conditions described in the loan documents are met by the Center. \$ 835,000

Florida Housing Finance Corporation under the State Apartment Incentive Loan Program. Total amount available to be drawn is \$940,000. Non-interest bearing loan, principal to be forgiven in 2045 if all conditions described in the loan documents are met by the Center 940,000

Florida Housing Finance Corporation through the City of Sarasota under the State Housing Initiative Partnership Loan Program. Total amount available to be drawn is \$380,000. Non-interest bearing loan, principal to be forgiven in 2045 if all conditions described in the loan documents are met by the Center 380,000

Total notes payable \$ 2,155,000

Note 7 – Net Assets with Donor Restrictions:

The Center was named as a charitable beneficiary under terms of certain trust and estate documents. The present value of the funds to be received is \$9,497.

The Center maintains charitable funds with the Gulf Coast Community Foundation and the Community Foundation of Sarasota County. The Center and other donors may from time to time make contributions to these funds. Generally, the Center will receive the annual net income from each fund. The amount of \$693,471 included in the statement of financial position reflects the fair value as reported by the charitable endowment funds at September 30, 2024.

At September 30, 2024, the Center's net assets with donor restrictions include the following:

Subject to the passage of time:
Beneficial interests in charitable trusts held by others \$ 9,497
Subject to expenditure for a particular purpose:
New housing 2,047,771
Endowments not subject to spending policy and appropriation:
Beneficial interest in assets held by community foundation 693,471

Total \$ 2,750,739

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 8 – Liquidity and Availability:

The following represents the Center’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Cash and cash equivalents	\$ 1,016,310
Accounts receivable	1,431,657
Deferred revenue	<u>(195,714)</u>
Total financial assets available	<u>2,252,253</u>

As part of the Center’s liquidity management plan, the Center invests cash in excess of its daily requirements in money market accounts.

Note 9 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 10 – Fair Value of Financial Assets and Liabilities:

The Center adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Center’s assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2024, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets of liabilities, such as publically traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Center’s assumptions based on the best information available in the circumstance.

The Loveland Center, Inc.

Notes to Financial Statements – Continued

September 30, 2024

Note 10 – Fair Value of Financial Assets and Liabilities - continued:

Assets and liabilities at fair value on a recurring basis at September 30, 2024:

Description	Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using			
	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Split interest agreements	\$ 9,497	-	-	9,497
Interest in Community Foundations	693,471	-	-	693,471
Total assets at fair value	\$ 702,968	-	-	702,968

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended September 30, 2024:

	Split Interest Agreements	Interest in Community Foundations
Balance - September 30, 2023	\$ 10,000	614,612
Changes in value	(503)	105,493
Interest and dividends	-	5,516
Fees		(3,232)
Disbursements	-	(28,918)
Balance - September 30, 2024	\$ 9,497	693,471

Note 11 – Insurance Contingency:

The Center's current windstorm insurance policy contains a 10% deductible clause for a named hurricane and a 10% deductible for wind/hail. Based on a recent \$19,122,150 insured value of the ten buildings, the first 10% per building or \$1,912,215 would be the responsibility of the Center.

Note 12 – Subsequent Events:

Subsequent events have been evaluated through June 26, 2025, which is the date the financial statements were available to be issued.

The Loveland Center, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2024

<u>Agency and Program Title</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
Florida Agency for Persons with Disabilities	AFX23	<u>\$ 1,932,211</u>

See notes to schedule of expenditures of state financial assistance

The Loveland Center, Inc.

Notes to Schedule of Expenditures of State Financial Assistance

September 30, 2024

Note 1 – Basis of Presentation:

The accompanying schedule of Expenditures of State Financial Assistance includes the federal and state grant activity of the Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with GAAP as applicable to non-profit organizations, and the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

Note 2 – Indirect Cost Rate:

The Center does not use the 10% de minimis indirect cost rate.

Note 3 – Contingency:

Expenditures as incurred by the Center are subject to audit and possible disallowances by state agencies. The Center would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
The Loveland Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Loveland Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Loveland Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
June 26, 2025



CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
The Loveland Center, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited The Loveland Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Chapter 10.650, Rules of the Auditor General, that could have a direct and material effect on each of The Loveland Center, Inc.'s major state project for the year ended September 30, 2024. The Loveland Center, Inc.'s major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Loveland Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Loveland Center, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of The Loveland Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Loveland Center, Inc.'s state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Loveland Center, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, Rule of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Loveland Center, Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Loveland Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Loveland Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Loveland Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

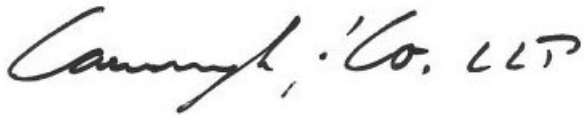
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
June 26, 2025

The Loveland Center, Inc.

Schedule of Findings and Questioned Costs
September 30, 2024

I. Summary of Auditor's Results

Financial Statements

- 1. We have audited the financial statements of The Loveland Center, Inc. as of and for the year ended September 30, 2024 and issued an unmodified opinion.

- 2. Internal Control over Financial Reporting:
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No

- 3. Noncompliance material to the financial statements noted? No

State Projects

- 4. Internal Control over Major Programs
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No

- 5. The auditor's report on compliance with requirements applicable to the major state projects expresses an unmodified opinion.

- 6. Our audit disclosed no findings required to be reported in accordance with Chapter 10.656 Rules of the Auditor General.

- 7. The programs/projects tested as major projects included the following:

Florida Agency for Persons with Disabilities
Contract AFX23
State Project No. - 23HMPRO70

- 8. The threshold used for distinguishing Type A and Type B programs was \$750,000 for major State projects.

- 9. The auditee did not qualify as a low-risk auditee.

- 10. Rules of the Auditor General 10.656(3)(e) - A management letter was not required.

- 11. Rules of the Auditor General 10.650(1)(i) - There were no prior audit findings to be reported.

II. Findings Related To The Financial Statements Required to be Reported.

None

III. Findings and Questioned Costs for Major State Projects

None