



**PATHWAYS**  
Early Education Center  
*of Immokalee*

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

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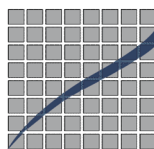
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**BiggsKofford**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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Board of Directors

**Pathways Early Education Center of Immokalee, Inc.**

Immokalee, Florida

### Opinion

We have audited the accompanying financial statements of Pathways Early Education Center of Immokalee, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathways Early Education Center of Immokalee, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

### Basis for Opinion

We conducted our audits 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 the report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*BiggsKofford, P.C.*

Colorado Springs, Colorado  
November 18, 2024

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
Cash and equivalents	\$ 1,462,815	\$ 1,255,405
Grants receivable	141,365	156,995
Employee Retention Credit receivable	158,104	-
Investments	2,398,237	2,338,844
Beneficial interest in assets held by Community Foundation	469,607	428,859
Prepaid expenses and other current assets	40,661	63,374
Cash surrender value of life insurance	32,831	40,849
Property and equipment, net	988,138	985,525
Operating lease right-of-use asset	-	85,174
Total assets	<u>\$ 5,691,758</u>	<u>\$ 5,355,025</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 168,735	\$ 166,527
Deferred income	27,969	19,296
Finance lease liability	7,145	11,149
Operating lease liability	-	89,887
Note payable	217,770	217,770
Total liabilities	<u>421,619</u>	<u>504,629</u>
Net assets:		
Without donor restrictions:		
Operating	1,527,973	1,380,421
Equity in property and equipment, net	763,223	756,606
Total net assets without donor restrictions	2,291,196	2,137,027
With donor restrictions	2,978,943	2,713,369
Total net assets	<u>5,270,139</u>	<u>4,850,396</u>
Total liabilities and net assets	<u>\$ 5,691,758</u>	<u>\$ 5,355,025</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions and grants	\$ 1,802,730	\$ 352,398	\$ 2,155,128
Contributed nonfinancial assets	15,514	-	15,514
Special events, net	375,286	-	375,286
Child care fees	118,760	-	118,760
Investment income, net	13,380	288,344	301,724
Employee Retention Credit income	158,104	-	158,104
Other income	29,866	-	29,866
Total support and revenue	<u>2,513,640</u>	<u>640,742</u>	<u>3,154,382</u>
<b><u>RECLASSIFICATIONS</u></b>			
Net assets released from restrictions	<u>375,168</u>	<u>(375,168)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Program services	<u>2,050,943</u>	<u>-</u>	<u>2,050,943</u>
Supporting activities:			
General and administrative	385,948	-	385,948
Fundraising	<u>297,748</u>	<u>-</u>	<u>297,748</u>
Total supporting activities	<u>683,696</u>	<u>-</u>	<u>683,696</u>
Total expenses	<u>2,734,639</u>	<u>-</u>	<u>2,734,639</u>
Change in net assets	154,169	265,574	419,743
Net assets, beginning of year	<u>2,137,027</u>	<u>2,713,369</u>	<u>4,850,396</u>
Net assets, end of year	<u><u>\$ 2,291,196</u></u>	<u><u>\$ 2,978,943</u></u>	<u><u>\$ 5,270,139</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions and grants	\$ 2,418,030	\$ 311,247	\$ 2,729,277
Special events, net	157,063	-	157,063
Child care fees	109,789	-	109,789
Investment income, net	31,283	217,932	249,215
Other income	21,451	-	21,451
Total support and revenue	<u>2,737,616</u>	<u>529,179</u>	<u>3,266,795</u>
<b><u>RECLASSIFICATIONS</u></b>			
Net assets released from restrictions	<u>414,699</u>	<u>(414,699)</u>	<u>-</u>
<b><u>EXPENSES</u></b>			
Program services	<u>1,818,709</u>	<u>-</u>	<u>1,818,709</u>
Supporting activities:			
General and administrative	461,726	-	461,726
Fundraising	<u>193,806</u>	<u>-</u>	<u>193,806</u>
Total supporting activities	<u>655,532</u>	<u>-</u>	<u>655,532</u>
Total expenses	<u>2,474,241</u>	<u>-</u>	<u>2,474,241</u>
Change in net assets	678,074	114,480	792,554
Net assets, beginning of year	<u>1,458,953</u>	<u>2,598,889</u>	<u>4,057,842</u>
Net assets, end of year	<u><u>\$ 2,137,027</u></u>	<u><u>\$ 2,713,369</u></u>	<u><u>\$ 4,850,396</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Conferences and events	\$ 2,203	\$ 128	\$ 3,154	\$ 5,485
Depreciation	69,767	-	-	69,767
Donor development	-	-	14,878	14,878
Employee benefits	226,404	22,977	18,729	268,110
Fundraising events	-	-	58,845	58,845
Insurance	14,705	14,834	-	29,539
Interest	-	9,575	-	9,575
Marketing and advertising	-	-	19,317	19,317
Occupancy	82,445	8,366	6,820	97,631
Office	39,513	40,495	3,436	83,444
Payroll taxes	104,409	11,864	7,881	124,154
Professional fees	-	134,153	117,980	252,133
Program supplies	112,415	-	-	112,415
Repairs and maintenance	133,101	11,095	-	144,196
Salaries and wages	1,260,017	127,874	104,236	1,492,127
Travel, meals, and entertainment	5,964	4,587	1,317	11,868
Less expenses included in revenues and support on the statement of activities:				
Fundraising events	-	-	(58,845)	(58,845)
Total expenses	<u>\$ 2,050,943</u>	<u>\$ 385,948</u>	<u>\$ 297,748</u>	<u>\$ 2,734,639</u>
Percentage of total expenses	<u>75%</u>	<u>14%</u>	<u>11%</u>	<u>100%</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.



# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Conferences and events	\$ 3,375	\$ -	\$ 1,641	\$ 5,016
Depreciation	74,065	-	-	74,065
Donor development	-	-	18,961	18,961
Employee benefits	172,548	48,829	9,290	230,667
Fundraising events	-	-	40,426	40,426
Insurance	20,837	3,704	-	24,541
Interest	-	10,487	-	10,487
Marketing and advertising	-	11,031	11,743	22,774
Miscellaneous	-	933	-	933
Occupancy	100,389	21,897	4,918	127,204
Office	44,419	39,722	2,629	86,770
Payroll taxes	115,345	11,870	-	127,215
Professional fees	-	88,260	80,204	168,464
Program supplies	84,731	92	-	84,823
Repairs and maintenance	67,181	5,853	-	73,034
Salaries and wages	1,123,464	216,090	63,088	1,402,642
Travel, meals, and entertainment	12,355	2,958	1,332	16,645
Less expenses included in revenues and support on the statement of activities:				
Fundraising events	-	-	(40,426)	(40,426)
Total expenses	<u>\$ 1,818,709</u>	<u>\$ 461,726</u>	<u>\$ 193,806</u>	<u>\$ 2,474,241</u>
Percentage of total expenses	<u>74%</u>	<u>18%</u>	<u>8%</u>	<u>100%</u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 419,743	\$ 792,554
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	69,767	74,065
Non-cash operating lease expense	22,353	65,548
Net realized and unrealized gains on investments	(215,219)	(116,265)
Contributions received for long-term purposes	-	(87,816)
(Increase) decrease in assets:		
Grants receivable	15,630	(104,361)
Employee Retention Credit receivable	(158,104)	-
Prepaid expenses and other current assets	22,713	176
Increase (decrease) in liabilities:		
Deferred income	8,673	3,136
Accounts payable and accrued expenses	2,208	17,317
Operating lease liability	(27,066)	(60,835)
Net cash flows from operating activities	<u>160,698</u>	<u>583,519</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(72,380)	-
Purchases of investments	(503,476)	(221,160)
Proceeds from sale of investments	626,572	226,564
Cash received from life insurance policy	-	60,477
Net cash flows from investing activities	<u>50,716</u>	<u>65,881</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal payments on finance lease liability	(4,004)	(3,652)
Contributions received for long-term purposes	-	87,816
Net cash flows from financing activities	<u>(4,004)</u>	<u>84,164</u>
Net change in cash and equivalents	207,410	733,564
Cash and equivalents, beginning of year	1,255,405	521,841
Cash and equivalents, end of year	<u><u>\$ 1,462,815</u></u>	<u><u>\$ 1,255,405</u></u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
Cash paid for interest during the year (none capitalized)	<u><u>\$ 9,575</u></u>	<u><u>\$ 10,487</u></u>

The accompanying notes and independent auditor's report  
should be read with these financial statements.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Pathways Early Education Center of Immokalee, Inc. ("Organization"), formally known as Immokalee Child Care Center, Inc., was incorporated in 1968 under the Law of Florida as a not-for-profit organization. The Organization's objective and purpose is to provide exceptional early education to the children and families in the Immokalee community, as well as develop and incorporate community partnerships and collaborations into the daily operations to ensure the individual needs of each child and family are met by connecting all resources available for the health, safety, well-being, and affordable high quality early education for all children at the Organization.

#### Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

#### New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC Topic 842"), which replaces numerous requirements in US GAAP and requires organizations to recognize lease assets and lease liabilities on the statement of financial position. On July 1, 2022, the Organization adopted the requirements of ASC Topic 842 and the amendments related thereto, and applied the new requirements to all contracts using the modified retrospective method. Upon adoption of ASC Topic 842, management determined no material adjustment to net assets was required. Additional disclosures required by ASC Topic 842 are presented within the notes to the financial statements.

#### Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

#### Cash and equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains its cash and equivalents in financial institutions that, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Organization does not anticipate nonperformance by these institutions.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### Investments

Investments having a readily determinable fair value are carried at fair value. Interest and dividends are recorded on the accrual basis. Gains and losses are recognized when incurred and included in the statement of activities. Donated investments are recognized at the estimated fair value on the date of the donation.

### Beneficial interest in assets held by Community Foundation

The Organization has established endowment funds that are perpetual in nature and other funds which are held by the Community Foundation of Collier County, in which the Organization is named as the beneficiary. The Organization has not granted variance power to the Community Foundation. The fund is held and invested by the Community Foundation for the Organization's benefit and is reported at fair value in the accompanying statements of financial position, with distributions and changes in fair value recognized in the accompanying statements of activities.

### Cash surrender value of life insurance

The cash surrender value of life insurance is recorded at the cash surrender value of the underlying insurance policy.

### Property and equipment

All acquisitions of property and equipment in excess of \$1,000 that materially prolong the useful lives of assets are capitalized and recorded at cost, or fair value, if donated. Property and equipment are depreciated using the straight-line method over estimated useful lives as follows:

Building and improvements	7-50 years
Equipment	5-10 years
Vehicles	5 years

### Leases

Management determines if an arrangement is a lease at inception of the arrangement. Operating leases are included in operating lease right-of-use assets and lease liabilities in the accompanying statements of financial position. Financing leases are included in financing lease property and equipment and financing leases payable in the accompanying statements of financial position.

See independent auditor's report.

# **PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

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Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The right-of-use assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease at management's discretion. Such options are included in the calculation of the right-of-use asset and lease liability, and are included in the future maturities of lease liabilities, if management determines they are reasonably certain to exercise the options. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Financing lease expense includes amortization of the right-of-use assets on a straight-line basis, and interest on the lease liabilities using the effective interest method.

The Organization elected certain practical expedients permitted under the transition guidance that allowed the Organization not to reassess: (1) whether expired or previously existing contracts are or contain leases, (2) lease classification for expired or previously existing leases, and (3) initial direct costs for expired or previously existing leases.

For leases that do not state or imply an interest rate, the Organization elected a practical expedient to use a risk-free rate based on asset composition.

The Organization elected to account for all leases with original terms of 12 months or less as short-term leases, which are expensed over the term of the lease and do not require recognition of right-of-use assets or lease liabilities.

### Net assets

The financial statements present information regarding the financial position and statement of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions consist of resources available for use in operations and those resources invested in property and equipment. Net assets with donor restrictions consist of resources restricted by donors as to purpose or by the passage of time.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### Revenue recognition

#### *Contributions and grants*

In accordance with US GAAP, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions, if applicable. Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

#### *Child care fees*

Child care fees consist of revenue from student tuition and are recorded when earned. Child care fees are recognized in the reporting period in which the child care is provided. Payments for child care are due upon invoice.

#### *Special events*

The Organization conducts fundraising events during the year. Revenue from these events includes contributions, ticket sales, and entry fees. Management generally considers a portion of the revenues from these events to be contracts with customers under ASC Topic 606, while a portion is considered a contribution to the Organization. Revenues under ASC Topic 606 are recognized at the point in time the event occurs.

### Functional expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. Any costs that could be directly assigned to a specific function are allocated to that function. The expenses that are allocated include salaries, employee benefits, and payroll taxes, which are allocated based on an estimate of time and effort spent. Occupancy costs are allocated based on an estimate of square footage and depreciation is allocated based on an estimate of usage by asset.

### Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2024 and 2023 totaled \$19,317 and \$22,774, respectively.

See independent auditor's report.

**PATHWAYS EARLY EDUCATION CENTER OF  
IMMOKALEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Income taxes

The Organization is exempt from federal income taxes per Internal Revenue Code Section 501(c)(3). Accordingly, there is no provision for income taxes in the accompanying financial statements. The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of FASB ASC Topic 450, *Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

Subsequent events

Management has evaluated subsequent events through the date of the attached independent auditor's report, the date on which the financial statements were available to be issued.

Reclassifications

Certain prior year balances and amounts have been reclassified to conform to the current year presentation.

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and equivalents	\$ 1,462,815	\$ 1,255,405
Grants receivable	141,365	156,995
Employee Retention Credit receivable	158,104	-
Investments	2,398,237	2,338,844
Beneficial interest in assets held by Community Foundation	<u>469,607</u>	<u>428,859</u>
Total financial assets	4,630,128	4,180,103
Less amounts unavailable for general expenditures within one year due to:		
Purpose restrictions	(44,421)	(73,400)
Endowment assets	<u>(2,602,222)</u>	<u>(2,442,125)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,983,485</u>	<u>\$ 1,664,578</u>

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

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENT

US GAAP defines fair value and establishes a framework for measuring fair value and disclosure regarding fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

See independent auditor's report.



# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

US GAAP describes three levels of inputs that may be used to measure fair value:

**Level 1** - Quoted prices in active markets for identical assets or liabilities

**Level 2** - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities that are based on inputs not quoted in active markets that can be corroborated by observable market data

**Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

The fair value of equities, exchange traded funds, and mutual funds is based on quoted market prices and other relevant information generated by market transactions.

The Organization has investments held in an investment pool held by the Community Foundation of Collier County. These securities are measured at the fair value of the funds based on the underlying investments as reported by the Community Foundation of Collier County.

Fair value of assets measured on a recurring basis is as follows as of June 30:

	<b>2024</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Exchange traded funds	\$ 1,501,530	\$ -	\$ 1,501,530
Mutual funds	803,185	-	803,185
Investments held by Community Foundation of Collier County	-	469,607	469,607
Total investments at fair value	<u>\$ 2,304,715</u>	<u>\$ 469,607</u>	2,774,322
Money market funds, at cost			<u>93,522</u>
Total investments			<u>\$ 2,867,844</u>

See independent auditor's report.

# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

	<b>2023</b>	
	<b>Level 1</b>	<b>Level 2</b>
		<b>Total</b>
Exchange traded funds	\$ 1,535,663	\$ -
Mutual funds	781,705	-
Investments held by Community Foundation of Collier County	-	428,859
Total investments at fair value	<u>\$ 2,317,368</u>	<u>\$ 428,859</u>
Money market funds, at cost		21,476
Total investments		<u>\$ 2,767,703</u>

Total investment income consists of the following for the year ended June 30:

	<b>2024</b>	<b>2023</b>
Interest and dividends	\$ 102,613	\$ 150,659
Net realized and unrealized gains (losses)	215,219	116,265
Investment fees	(16,108)	(17,709)
	<u>\$ 301,724</u>	<u>\$ 249,215</u>

#### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<b>2024</b>	<b>2023</b>
Land	\$ 334,720	\$ 334,720
Building	1,195,078	1,195,078
Equipment	688,643	734,455
Vehicles	29,699	29,699
	<u>2,248,140</u>	<u>2,293,952</u>
Accumulated depreciation	<u>(1,307,331)</u>	<u>(1,308,427)</u>
	940,809	985,525
Construction in progress	47,329	-
Property and equipment, net	<u>\$ 988,138</u>	<u>\$ 985,525</u>

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# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$69,767 and \$74,065, respectively.

### 5. NOTE PAYABLE

Note payable consists of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Note payable with The Theresa A Garlock Revocable Trust in the amount of \$217,770; requiring monthly interest-only payments with all unpaid principal due at maturity in November 2024; bearing interest at 4.00% per annum; and secured by a parcel of land.	<u>\$ 217,770</u>	<u>\$ 217,770</u>

### 6. LEASES

The Organization leased office space under a long-term, operating lease agreement that expired in November 2023. The lease agreement required monthly payments ranging from \$5,500 to \$6,190.

The Organization leases equipment under a long-term, non-cancelable finance lease agreement that expires in January 2026. The lease agreement requires monthly payments of \$406 consisting of principal and interest.

The Organization leases office space under a short-term operating lease agreement that expired in October 2024, and was subsequently extended for an additional one year period through October 2025. The lease agreement requires monthly payments of \$2,800.

A summary of lease expense is as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 2,776	\$ 2,776
Interest on lease liability	864	1,217
Operating lease expense	23,360	70,081
Short-term lease expense	<u>19,600</u>	<u>-</u>
	<u>\$ 46,600</u>	<u>\$ 74,074</u>

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# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Future maturities of lease liabilities are as follows for the years ending:

June 30,	Finance Lease
2025	\$ 4,869
2026	2,840
Total minimum lease payments	7,709
Less amount representing interest	(564)
Present value of lease liabilities	<u>\$ 7,145</u>

Other information with respect to leases is as follows as of and for the year ended June 30, 2024:

	Finance Lease
Right-of-use assets obtained in exchange for new lease liabilities	\$ -
Weighted-average remaining lease term (years)	1.58
Weighted-average discount rate	9.25%

Other information with respect to leases is as follows as of and for the year ended June 30, 2023:

	Operating Lease	Finance Lease
Right-of-use assets obtained in exchange for new lease liabilities	\$ 150,722	\$ 14,509
Weighted-average remaining lease term (years)	1.22	2.58
Weighted-average discount rate	4.00%	9.25%

Finance lease right-of-use assets are included in property and equipment in the accompanying financial statements as of the years ended June 30, 2024 and 2023 and totaled \$9,716 and \$12,491, respectively.

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# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

### 7. NET ASSETS

Net assets with donor restrictions consist of the following as of June 30:

	2024	2023
Purpose restrictions	\$ 44,421	\$ 73,400
Cash surrender value of life insurance	32,831	40,849
Time restrictions	299,469	156,995
Endowment assets	2,602,222	2,442,125
Total net assets with donor restrictions	\$ 2,978,943	\$ 2,713,369

### 8. ENDOWMENTS

The Organization's endowments consist of three separate endowments to be used for child care support.

The Organization has interpreted the state Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), which provides statutory guidance for management, investment and expenditures of endowment funds held by nonprofit organizations, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

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## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year as determined by the board of directors. In establishing this policy, the Organization considers the long-term expected return on the endowment and sets the rate with the objective of maintaining the purchasing power of the endowment over time.

As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net asset composition by type and changes in endowment assets are as follows for the year ended June 30:

	<b>With Donor Restrictions</b>	
	<b>2024</b>	<b>2023</b>
Endowment net assets	\$ 2,442,125	\$ 2,248,187
Contributions	-	87,816
Investment return, net	288,344	231,287
Appropriated for expenditure	(128,247)	(125,165)
Endowment net assets	<u>\$ 2,602,222</u>	<u>\$ 2,442,125</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2024, there were no funds with deficiencies. As of June 30, 2023 funds with original gift values of \$191,350, fair values of \$187,285, and deficiencies of \$4,065 were reported in net assets with donor restrictions. The deficiencies were the result of unfavorable market fluctuations in recent years, and were recovered during the fiscal year ended June 30, 2024.

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# PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

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### 9. IN-KIND CONTRIBUTIONS

Contributed nonfinancial assets recognized within the statements of activities included the following for the year ended June 30:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 7,600	\$ -
School supplies	7,914	-
	<u>\$ 15,514</u>	<u>\$ -</u>

Contributed school supplies and advertising are valued using estimated U.S. wholesale prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed school supplies are used in program services and contributed advertising is used for fundraising and development.

All gifts-in-kind received during the years ended June 30, 2024 and 2023 were received without donor restrictions.

### 10. MATCHING GRANT

During the year ended June 30, 2024, the Organization received a matching grant in the amount of \$750,000. This grant will be recognized in the period in which the condition is satisfied.

### 11. RETIREMENT PLAN

The Organization sponsors a SIMPLE IRA plan ("Plan") covering all eligible employees. Employees may make contributions to the Plan up to the maximum allowed by the Internal Revenue Code and the Organization matches 100% of the employees' contributions up to 3% of the employees' eligible compensation. The Plan was implemented during the year ended June 30, 2024, and the Organization's contributions to the Plan for the year ended June 30, 2024, totaled \$15,791.

### 12. CONCENTRATIONS

As of June 30, 2024 and 2023, three and two donors accounted for approximately 87% and 70% of grants receivable, respectively.

For the years ended June 30, 2024 and 2023, two donors accounted for approximately 43% and 50% of contributions and grants, respectively.

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**NOTES TO FINANCIAL STATEMENTS**  
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**13. EMPLOYEE RETENTION CREDIT PROGRAM**

The Organization claimed Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act totaling \$158,104. This amount has been included in the accompanying statement of activities for the year ended June 30, 2024. While management believes the claim complies with the provisions of the CARES Act, such provisions are subject to varying interpretations and may be subject to retroactive review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the Employee Retention Credit, and it is not possible to determine the impact, if any, this would have on the Organization.

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See independent auditor's report.