

**MACDONALD TRAINING CENTER, INC.  
AND AFFILIATES**

**Combined Financial Statements, Supplementary Financial  
Information and Reports as Required by the  
Comptroller General of the United States**

**September 30, 2021 and 2020  
(With Independent Auditors' Report Thereon)**

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Table of Contents

	<u>Page</u>
<b>AUDITED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report on Combined Financial Statements and Supplementary Financial Information	1 - 2
Combined Financial Statements:	
Combined Statements of Financial Position	3 - 4
Combined Statements of Support and Revenue, Expenses and Other Changes in Net Assets Without Donor Restrictions	5
Combined Statements of Changes in Net Assets	6
Combined Statement of Functional Expenses	7
Combined Statements of Cash Flows	8
Notes to Combined Financial Statements	9 - 25
<b>SUPPLEMENTARY FINANCIAL INFORMATION</b>	
Combining Statement of Financial Position	26
Combining Statement of Changes in Net Assets	27
<b>INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28 - 29

**AUDITED FINANCIAL STATEMENTS**



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**Independent Auditors' Report on Combined Financial Statements  
and Supplementary Financial Information**

The Board of Directors  
MacDonald Training Center, Inc. and Affiliates:

**Report on the Financial Statements**

We have audited the accompanying combined financial statements of MacDonald Training Center, Inc. and Affiliates (collectively, the “Organization”) which comprise the combined statements of financial position as of September 30, 2021 and 2020, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, the related combined statement of functional expenses for the year ended September 30, 2021, and the related notes to the combined financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of MacDonald Training Center, Inc. and Affiliates as of September 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended, and their functional expenses for the year ended September 30, 2021, in conformity with accounting principles generally accepted in the United States.

## **Report on Summarized Comparative Information**

We have previously audited the MacDonald Training Center, Inc. and Affiliates 2020 combined financial statements, and our report dated February 8, 2021 expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein for the year ended September 30, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

## **Other Matters**

### ***Supplementary Financial Information***

Our audits were performed for the purpose of forming an opinion on the combined financial statements of MacDonald Training Center, Inc. and Affiliates taken as a whole. The supplementary financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2022 on our consideration of MacDonald Training Center, Inc. and Affiliates' internal control over financial reporting and on our tests of their 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 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 MacDonald Training Center, Inc. and Affiliates' internal control over financial reporting and compliance.

MAYER HOFFMAN McCANN P.C.

March 9, 2022  
St. Petersburg, Florida

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

## **Combined Statements of Financial Position**

**September 30, 2021 and 2020**

<b>Liabilities and Net Assets</b>	<b>2021</b>	<b>2020</b>
<b>Current liabilities:</b>		
Current installments of capital lease obligations (Note 8)	\$ 6,121	6,644
Accounts payable and accrued expenses	449,453	383,950
Deferred revenue	-	9,050
Total current liabilities	455,574	399,644
Deposit liability (Notes 3 and 8)	393,168	710,400
Capital lease obligations, less current installments (Note 8)	9,413	16,058
Total liabilities	858,155	1,126,102
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	1,468,641	788,331
Designated for long-term purposes (Note 11)	3,591,747	2,760,817
Net investment in property and equipment	1,261,359	1,561,993
	6,321,747	5,111,141
With donor restrictions (Note 10)	1,792,304	1,834,933
Total net assets	8,114,051	6,946,074
Commitments and contingencies (Notes 8 and 12)	-	-
	<b>\$ 8,972,206</b>	<b>8,072,176</b>

**MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

**Combined Statements of Support and Revenue, Expenses  
and Other Changes in Net Assets Without Donor Restrictions**

**Years Ended September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Operating support and revenue (Note 5):		
Support:		
Special events revenue	\$ 42,803	38,241
Less special event costs	<u>-</u>	<u>(21,216)</u>
Net revenue from special events	42,803	17,025
Contributions and grants	<u>761,311</u>	<u>625,203</u>
	804,114	642,228
Revenue:		
Product sales	1,608,307	1,585,473
Cost of product sales	<u>(368,133)</u>	<u>(344,544)</u>
Net product sales	1,240,174	1,240,929
Medwaiver and private pay	1,413,969	2,137,823
Funding contracts	260,626	213,034
Rental income	3,603	3,171
Investment return designated for current operations (Note 2)	265,528	133,316
Other revenue	<u>172,364</u>	<u>33,166</u>
	3,356,264	3,761,439
Net assets released from restrictions:		
Expiration of time restrictions	16,163	64,340
Expiration of time restrictions on capital assets	32,828	105,572
Satisfaction of use restrictions	<u>8,438</u>	<u>30,433</u>
	57,429	200,345
Total operating support and revenue	4,217,807	4,604,012
Operating expenses:		
Program services	3,584,386	4,362,739
Supporting services:		
Management and general	870,219	870,257
Development	<u>316,615</u>	<u>100,103</u>
	1,186,834	970,360
Total operating expenses	<u>4,771,220</u>	<u>5,333,099</u>
Decrease in net assets without donor restrictions from operations	(553,413)	(729,087)
Other changes:		
Gain on property disposals (Note 8)	497,332	-
Contribution from forgiveness of Paycheck Protection Program loan (Note 7)	753,502	759,100
Investment return in excess of amounts designated for current operations (Note 2)	<u>513,185</u>	<u>110,445</u>
Increase in net assets without donor restrictions	\$ 1,210,606	140,458

**MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

**Combined Statements of Changes in Net Assets**

**Years Ended September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Net assets without donor restrictions:		
Operating support and revenue	\$ 4,160,378	4,403,667
Operating expenses	(4,771,220)	(5,333,099)
Gain on property disposals (Note 8)	497,332	-
Contribution from forgiveness of Paycheck Protection Program loan (Note 7)	753,502	759,100
Investment return in excess of amounts designated for current operations (Note 2)	513,185	110,445
Net assets released from restrictions	<u>57,429</u>	<u>200,345</u>
Increase in net assets without donor restrictions	1,210,606	140,458
Net assets with donor restrictions:		
Contributions and bequests	14,800	7,055
Net assets released from restrictions	<u>(57,429)</u>	<u>(200,345)</u>
Decrease in net assets with donor restrictions	<u>(42,629)</u>	<u>(193,290)</u>
Increase (decrease) in net assets	1,167,977	(52,832)
Net assets, at beginning of year	<u>6,946,074</u>	<u>6,998,906</u>
Net assets, at end of year	<u>\$ 8,114,051</u>	<u>6,946,074</u>

# MACDONALD TRAINING CENTER, INC. AND AFFILIATES

## Combined Statement of Functional Expenses

**Year Ended September 30, 2021  
(With Comparative Totals for 2020)**

	Program Services					Supporting Services			Total Expenses	
	Adult Day Training	Community Living	Community Employment	Transportation Services	Total	Management and General	Development	Total	2021	2020
Payroll and benefits	\$ 1,512,284	629,088	366,955	-	2,508,327	600,159	278,139	878,298	3,386,625	3,884,086
Professional fees	42,745	14,483	7,257	1,755	66,240	59,859	9,500	69,359	135,599	173,861
Contract labor	1,325	-	-	-	1,325	68,340	-	68,340	69,665	130,675
Occupancy	235,648	59,464	5,927	-	301,039	22,768	11,016	33,784	334,823	199,134
Insurance	142,953	36,074	3,596	-	182,623	13,813	6,683	20,496	203,119	180,054
Equipment	1,656	283	142	279	2,360	26,672	-	26,672	29,032	43,397
Training, travel and vehicle	10,423	4,933	18,017	22,081	55,454	2,104	-	2,104	57,558	63,943
Shipping costs	156,943	-	-	-	156,943	-	-	-	156,943	139,539
Communications	23,713	6,163	6,221	-	36,097	9,940	-	9,940	46,037	48,408
Office expense	42,899	10,023	2,922	-	55,844	10,101	2,037	12,138	67,982	59,077
Bad debt expense	-	-	-	-	-	-	-	-	-	4,475
Interest	-	-	-	-	-	-	-	-	-	5,191
Robert Chase scholarships	-	-	-	-	-	-	1,511	1,511	1,511	678
Other	53,684	2,771	1,856	1,085	59,396	35,246	3,934	39,180	98,576	113,967
 Total expenses before depreciation	 2,224,273	 763,282	 412,893	 25,200	 3,425,648	 849,002	 312,820	 1,161,822	 4,587,470	 5,046,485
Depreciation	106,357	7,058	2,231	43,092	158,738	21,217	3,795	25,012	183,750	286,614
 Total expenses	 \$ 2,330,630	 770,340	 415,124	 68,292	 3,584,386	 870,219	 316,615	 1,186,834	 4,771,220	 5,333,099

**MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

**Combined Statements of Cash Flows**

**Years Ended September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,167,977	(52,832)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	183,750	286,614
Gain on property disposals	(497,332)	-
Realized and unrealized gains on investments	(749,619)	(200,712)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(479,600)	337,637
Decrease (increase) in inventories	(77,542)	4,285
Decrease (increase) in prepaid expenses and other assets	26,697	(44,032)
Increase (decrease) in accounts payable and accrued expenses	65,503	(115,805)
Increase (decrease) in deferred revenue	(9,050)	9,050
Net cash provided by (used in) operating activities	<u>(369,216)</u>	<u>224,205</u>
Cash flows from investing activities:		
Purchases of property and equipment	(99,389)	(43,636)
Proceeds from sales of property and equipment	479,647	-
Purchases of certificates of deposit	-	(728,000)
Proceeds from sale of certificates of deposit	125,000	1,114,000
Purchases of investments	(812,838)	(862,006)
Proceeds from sale of investments	<u>1,048,759</u>	<u>951,845</u>
Net cash provided by investing activities	<u>741,179</u>	<u>432,203</u>
Cash flows from financing activities:		
Decrease in deposit liability	(43,278)	(53,532)
Net repayments under short-term notes payable	-	(100,000)
Principal payments on capital lease obligations	<u>(7,168)</u>	<u>(6,644)</u>
Net cash used in financing activities	<u>(50,446)</u>	<u>(160,176)</u>
Net increase in cash and cash equivalents	<u>321,517</u>	<u>496,232</u>
Cash and cash equivalents, beginning of year	<u>828,019</u>	<u>331,787</u>
Cash and cash equivalents, end of year	<u>\$ 1,149,536</u>	<u>828,019</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ -</u>	<u>5,191</u>
Noncash investing and financing transactions:		
Deposit liability reduction resulting from sale of property under sale-leaseback arrangement	<u>\$ 273,954</u>	<u>-</u>

# **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

## **Notes to Combined Financial Statements**

**September 30, 2021 and 2020**

**(1) Description of Organization and Summary of Significant Accounting Policies**

**(a) Description of Organization**

MacDonald Training Center, Inc. and its affiliates, MacDonald Training Center Properties, Inc. and MacDonald Training Center Foundation, Inc. (collectively referred to as the “Organization”), were organized for the purpose of providing subsidized facilities and a wide variety of quality services to individuals with disabilities to enable them to live and function in the least restrictive environment possible.

**(b) Principles of Combination**

The combined financial statements include the financial statements of MacDonald Training Center, Inc. and its affiliates, MacDonald Training Center Properties, Inc. and MacDonald Training Center Foundation, Inc. All significant inter-organization balances and transactions have been eliminated in the combination.

**(c) Financial Accounting Standards**

The Financial Accounting Standards Board (“FASB”) has issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles (“GAAP”) - authoritative and nonauthoritative - and making the Accounting Standards Codification (“ASC”) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. This guidance is incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

**(d) Financial Statement Presentation**

The Organization is required to report information regarding its combined financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a combined statement of cash flows.

The combined statement of functional expenses includes certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the combined financial statements for the year ended September 30, 2020, from which the summarized information was derived.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

##### **(e) Contributions**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of support and revenue, expenses and other changes in net assets without donor restrictions as net assets released from restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with an applicable framework, allowable costs under a government grant or other barriers.

Contributions receivable which are due in more than one year are recorded at estimated fair value by discounting future cash flows using current risk-free rates of return based on yields of U.S. Treasury securities with maturity dates similar to the expected collection period.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Organization has provided certain services and incurred expenditures in compliance with specific contract or grant provisions. Cash received in excess of revenue recognized is recorded as refundable advances. There were no refundable advances at September 30, 2021 and 2020. At September 30, 2021, the Organization has been awarded grants and contracts of \$76,750, of which no amounts had been received in advance, that have not been recognized in the accompanying combined financial statements because the conditions have not been met.

##### **(f) Cash and Cash Equivalents**

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

##### **(g) Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At September 30, 2021 and 2020, approximately 80% and 47%, respectively, of net commercial receivables are due from Respect of Florida.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

##### **(h) Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's combined statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined financial statements. Restrictions on investment earnings are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the earnings are recognized.

##### **(i) Property and Equipment**

Depreciation of property and equipment is computed principally by the straight-line method over the estimated useful lives of the related assets. Expenditures for property and equipment are stated at cost, and those in excess of \$1,000 are capitalized. Contributed property and equipment is recorded at fair value at the date of donation. The estimated useful lives of related asset classes are as follows:

Buildings and improvements	5 - 30 years
Furniture and equipment	3 - 15 years
Transportation equipment	5 years

##### **(j) Inventories**

Inventories consist of raw materials and finished goods which are stated at the lower of cost or net realizable value using the first-in, first-out costing method. The majority of the inventory on hand consists of SunPass packaging supplies in addition to sewing and safety vests produced by the Organization's clientele.

##### **(k) Revenue Recognition**

The Organization generates revenue from product packaging and fulfillment services provided on behalf of customers. The Organization's performance obligations consist of the promise to package and fulfill orders on behalf of customers. Services are provided for cash or on credit terms. Revenue is recognized at the amount of the transaction price when the performance obligation is satisfied. The performance obligation is satisfied upon the packaging of the product or upon shipment of the product when ownership, risks and rewards transfer as defined in the contract. Contract assets from contracts with customers consist of accounts receivable included in current assets in the accompanying combined statement of financial position, and primarily stem from revenue being recognized when a product is packaged or shipped with respect to customer payments that have not been made at the combined statement of financial position date.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

##### **(k) Revenue Recognition - Continued**

The Organization provides adults with developmental disabilities certain program services which are paid for by clients or certain third-party payers (including health insurers and government reimbursement programs). These program services include institutional care such as day services, community living and employment services. The Organization's performance obligations consist of the time spent providing the services to clients. Revenue is reported in the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing these program services. Fees for program services are recognized over time as the services are provided based on standard charges, net of any contractual adjustment under insurance contracts. Program services are billed monthly and amounts collected in advance are recorded as contract liabilities.

##### **(l) Income Taxes**

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publicly supported organization, and not as a private foundation.

ASC Topic 740, *Income Taxes*, clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization's income tax filings are subject to audit by taxing authorities and filings for periods after fiscal 2017 are open for examination. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions at September 30, 2021.

##### **(m) Fair Value Measurements**

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurement*. ASC Topic 820 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

The carrying amount reported in the combined statement of financial position for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

##### **(n) Estimates in Combined Financial Statements**

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

##### **(o) Functional Allocation of Expenses**

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the Combined Statements of Support and Revenue, Expenses and Other Changes in Net Assets Without Donor Restrictions. The Combined Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs have been allocated to functional classifications based on the reporting of time spent on each by the employees. Depreciation of property and related operation and maintenance expenses have been allocated to functional classifications based on square footage of facilities.

##### **(p) Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), 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 combined financial statements are available to be issued.

##### **(q) Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), that will supersede most current revenue recognition guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14 which deferred the provisions of ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that had not yet adopted Topic 606 to annual reporting periods beginning after December 15, 2019. On October 1, 2020, the Organization adopted ASC Topic 606 using the modified retrospective approach. In connection with adoption, the Organization determined that no transition adjustment was necessary as of October 1, 2020 after the application of the standard.

# MACDONALD TRAINING CENTER, INC. AND AFFILIATES

## Notes to Combined Financial Statements – Continued

### **(1) Description of Organization and Summary of Significant Accounting Policies - Continued**

#### **(q) Recent Accounting Pronouncements - Continued**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the combined statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of support and revenue, expenses and other changes in net assets without donor restrictions. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that had not yet adopted Topic 842 to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the combined financial statements, with certain practical expedients available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the combined financial statements.

### **(2) Investments**

At September 30, 2021 and 2020, the cost and market value of investments were as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Short-term investments:				
Certificates of deposit	\$ _____ -	_____ -	125,003	125,000
	- - -	- - -	125,003	125,000
Long-term investments:				
Money market fund	92,104	92,104	231,572	231,572
Certificates of deposit	- - -	- - -	100,031	100,000
Common stocks	823,428	1,193,598	754,389	937,048
Mutual funds and exchange traded funds	1,957,747	2,641,822	1,734,904	2,157,705
Community Foundation	30,000	57,391	29,000	44,892
	2,903,279	3,984,915	2,849,896	3,471,217
	<b>\$ 2,903,279</b>	<b>3,984,915</b>	<b>2,974,899</b>	<b>3,596,217</b>

At September 30, 2021 and 2020, the Organization's investments in common stocks and fixed income securities are not concentrated in a single entity or in a few entities nor are there any specific industry concentrations.

Investment return is allocated between amounts designated for current operations and amounts in excess of amounts designated for current operations (non-operating) in the accompanying combined statements of changes in net assets. The amount designated for current operations is the amount approved for withdrawal from the board-designated endowment during the year to be used for operations. The Organization's board-designated endowment is more fully described in Note 11.

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### (2) Investments - Continued

The following schedule summarizes investment return for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 62,837	73,027
Net realized and unrealized gains	749,619	200,712
Investment management fees	<u>(33,743)</u>	<u>(29,978)</u>
 Total investment return	 778,713	 243,761
 Investment return designated for current operations	 <u>265,528</u>	 <u>133,316</u>
 Investment return in excess of amounts designated for current operations	 <u>\$ 513,185</u>	 <u>110,445</u>

#### (3) Property and Equipment

Property and equipment at September 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 1,459,245	1,638,992
Buildings and improvements	3,865,921	4,531,490
Furniture and equipment	398,050	461,163
Computers and software	335,194	333,467
Construction in progress	37,877	6,660
Transportation equipment	<u>530,566</u>	<u>578,647</u>
 Less accumulated depreciation and amortization	 <u>4,108,890</u>	 <u>4,691,826</u>
 \$ <u>2,517,963</u>	 <u>2,858,593</u>	

Depreciation expense for the years ended September 30, 2021 and 2020 was \$183,750 and \$286,614, respectively.

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### (3) Property and Equipment - Continued

In 2006, the Organization sold eleven of its residential facilities for \$2,632,000 and entered into a five-year lease for a portion of each facility with the buyer. Under the terms of the sale-leaseback agreement, the Organization is required to guarantee all rent payments due from the other tenants occupying each facility during the lease term. The Organization has also guaranteed rent due on all facilities for a period of up to six months after the homes have been vacated upon termination of the lease. The Organization is required to reimburse the buyer for increases in property taxes and/or property insurance which exceed 10% in any one year. Lastly, the Organization is required to pay all of the closing costs of the buyer upon resale of the homes. Because the terms of the sale-leaseback agreement require continuing involvement by the Organization, the net proceeds received from the sale have been accounted for as a deposit liability in the accompanying combined statements of financial position as of September 30, 2021 and 2020. In December 2020, one of the facilities was sold which reduced the net book value of property and equipment by \$85,918 and also reduced the related deposit liability by \$171,278. In July 2021, one of the facilities was sold which reduced the net book value of property and equipment by \$14,916 and also reduced the related deposit liability by \$102,676. The Organization's lease commitment under the terms of the sale-leaseback agreement is more fully described in Note 8.

As more fully explained in Note 10, the City of Tampa and Hillsborough County conveyed their remainder interests in the Organization's property through a quit claim deed and issued deferred payment mortgages in the total amount of \$2,673,000. At September 30, 2021 and 2020, the net book value of the property subject to these liens was \$1,196,990 and \$1,202,833, respectively.

#### (4) Contributions Receivable

Contributions receivable as of September 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Florida Department of Transportation	\$ 78,985	78,985
Foundation contribution	123,300	137,000
Less unamortized discount	<u>(6,271)</u>	<u>(3,808)</u>
	<u>\$ 196,014</u>	<u>212,177</u>
Amounts due in:		
Less than one year	\$ 106,384	106,385
One to five years	68,500	68,500
More than five years	<u>27,401</u>	<u>41,100</u>
	<u>\$ 202,285</u>	<u>215,985</u>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.32%.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(5) Credit and Funding Concentrations**

The Organization relies to a significant extent on the State of Florida as a source of funding. Funding from the State of Florida represented approximately 35% and 49% of total operating support and revenue for the years ended September 30, 2021 and 2020, respectively.

The Organization maintains certain operating accounts with a commercial bank. The balances in these accounts may exceed the federal deposit insurance limit at times throughout the year. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk of loss. There were approximately \$216,500 of uninsured cash and cash equivalent balances at September 30, 2021.

#### **(6) Short-Term Notes Payable**

The Organization has obtained two revolving lines of credit from a commercial bank that allow the Organization to borrow up to \$250,000 under each line of credit. The loans are unsecured and bear interest at the higher of the Wall Street Journal prime rate (3.25% at September 30, 2021) or a minimum interest rate of 4%. At September 30, 2021 and 2020, there were no outstanding balances on the lines of credit.

#### **(7) Paycheck Protection Program Loans**

The Organization applied for and received a forgivable Paycheck Protection Loan of \$759,100 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on April 23, 2020. Under the terms of the loan, the balance was forgivable to the extent the proceeds were used for certain qualified costs for the 24 week period through October 7, 2020 and that certain employment levels were maintained. To the extent a portion of the loan did not meet the criteria to be forgiven, such amount was due and payable in monthly installments beginning November 2020 and carried an interest rate of 1.00%. Through September 30, 2020, the Organization used all of the proceeds on qualified costs and such amount has been reported as a contribution from forgiveness of paycheck protection program loan in other changes for the year then ended with an offsetting reduction to the federal loan payable on the combined statement of financial position. The formal request for forgiveness was approved on December 21, 2020.

The Organization applied for and received a second forgivable Paycheck Protection Loan of \$753,502 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded on February 22, 2021. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24 week period through August 9, 2021 and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due and payable in monthly installments beginning December 2021 and carries an interest rate of 1.00%. Through September 30, 2021, the Organization used all of the proceeds on qualified costs and such amount has been reported as a contribution from forgiveness of paycheck protection program loan in other changes for the year then ended with an offsetting reduction to the federal loan payable on the combined statement of financial position. Subsequent to year-end a formal request for forgiveness was submitted after the performance period outlined above which was approved November 2, 2021.

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(8) Leases**

At September 30, 2021, the Organization was obligated under a capital lease for certain office equipment that expires in fiscal 2024. At September 30, 2021, the gross amount of equipment and the related accumulated amortization recorded under the capital lease was \$33,221 and \$17,164, respectively. At September 30, 2020, the gross amount of equipment and the related accumulated amortization recorded under the capital lease was \$33,221 and \$10,520 respectively. Amortization of the assets held under the capital lease is included in depreciation expense.

The Organization has an operating lease for space in Tampa, Florida. The lease term commenced in August 2020 and expires in October 2030. The lease includes an abatement of rent for the first three months of the lease term, a 3% annual rental increase and provides for one five-year renewal option. The Organization is required to fund a proportionate share of facility operating expenses and property taxes. Rent expense in connection with this lease, which is allocated to occupancy expenses in the accompanying combined statement of functional expenses, was \$115,675 and \$0 for the years ended September 30, 2021 and 2020, respectively.

The Organization also leases a portion of six residential facilities under a sale-leaseback agreement which is considered to be a noncancellable operating lease. The operating lease has a one year lease term with a 120 day non-renewal notice. Rent paid under the lease for fiscal years 2021 and 2020 was \$43,279, and \$53,532, respectively, and was recorded as a reduction of the related deposit liability. At September 30, 2021 and 2020, the gross amount of assets held under the sale-leaseback agreement was \$530,956 and \$842,383 and the related accumulated depreciation was \$383,101 and \$580,799, respectively.

In December 2020, as a result of one of the facilities being sold, the Organization removed property with a net book value of \$85,918 from its books and reduced the related sale-leaseback deposit liability by \$171,278. This transaction resulted in a gain of \$85,360 which is reflected in the accompanying combined financial statements for the year ended September 30, 2021.

In July 2021, as a result of one of the facilities being sold, the Organization removed property with a net book value of \$14,916 from its books and reduced the related sale-leaseback deposit liability by \$102,676. This transaction resulted in a gain of \$87,760 which is reflected in the accompanying combined financial statements for the year ended September 30, 2021.

# MACDONALD TRAINING CENTER, INC. AND AFFILIATES

## Notes to Combined Financial Statements – Continued

### **(8) Leases - Continued**

Future minimum lease payments under the noncancelable operating lease and the present value of future minimum capital lease payments as of September 30, 2021 are as follows:

<u>Year Ending September 30,</u>	<u>Capital Lease</u>	<u>Operating Lease</u>	<u>Total</u>
2022	\$ 6,645	119,023	125,668
2023	6,645	93,827	100,472
2024	2,244	96,640	98,884
2025	-	99,533	99,533
2026	-	102,507	102,507
Thereafter	-	451,573	451,573
 Total minimum lease payments	 15,534	 <u>963,103</u>	 <u>978,637</u>
 Current installments of capital lease obligation	 <u>6,121</u>		
 Capital lease obligation, less current installments	 <u>\$ 9,413</u>		

### **(9) Retirement Plan**

The Organization has a defined contribution retirement plan which covers all employees with six months of service who have attained the age of 21. After completion of six months of service, employees are eligible to receive matching contributions to the plan. Effective fiscal 2010, the Organization suspended its discretionary matching contribution to the plan. Effective fiscal 2018, the plan was modified to allow for automatic enrollment with contributions in the amount of 3% of a participant's gross wages. Employees may opt out of the automatic enrollment at any time. No expense was incurred relating to the retirement plan for either of the years ended September 30, 2021 and 2020.

### **(10) Net Assets With Donor Restrictions**

Donor restrictions on net assets as of September 30, 2021 and 2020 relate to the following:

	<u>2021</u>	<u>2020</u>
Contribution restricted for staff recruitment and retention and client social opportunities	\$ 341,802	341,802
Contributions restricted for outside picnic area	8,568	-
Contribution restricted for training hospital room	903	3,150
Contribution restricted for Sabal Park	1,041	1,000
Contribution restricted for community living support	2,905	2,906
Lien on contributed vehicles	44,080	71,065
Lien on operating facility	1,196,990	1,202,833
Grants restricted for acquisition of vehicles	78,985	78,985
Contributions restricted for future periods	<u>117,030</u>	<u>133,192</u>
 \$ <u>1,792,304</u>		<u>1,834,933</u>

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### **Notes to Combined Financial Statements – Continued**

#### **(10) Net Assets With Donor Restrictions - Continued**

In 1999, the Organization sold property originally contributed to the Organization by the City of Tampa (“City”) and by Hillsborough County (“County”). The property sold was subject to an 80% reverter interest in favor of the City and a 10% reverter interest in favor of the County. The sales proceeds were used to purchase property totaling \$2,982,759 and the reverter interests held by the City and the County were transferred to the new property.

Effective October 16, 2009, the City agreed to convey its remainder interest in the property through a quit claim deed and issued a deferred payment purchase money mortgage in the amount of \$2,376,000. Effective November 24, 2009, the County also agreed to convey its remainder interest in the property through a quit claim deed and issued a deferred payment purchase money mortgage in the amount of \$297,000. Both of the deferred payment purchase money mortgages are non-interest bearing. Payment under both of these mortgages is due only upon the sale of the property without prior approval of each governmental agency or if the property is no longer used to provide services to persons with disabilities.

Since the Organization has no plans or intentions to sell the property or otherwise default under the terms of the deferred payment purchase money mortgages, the liens are recorded in the accompanying combined statements of financial position as a component of net assets with donor restrictions equal to 90% of the remaining net book value of the property totaling \$1,196,990 and \$1,202,833 (including land with a net book value of \$1,185,529) as of September 30, 2021 and 2020, respectively. For each of the years ended September 30, 2021 and 2020, the Organization recorded a release of restriction equal to depreciation expense on the property totaling \$5,843 and \$70,002, respectively.

#### **(11) Board-Designated Endowment**

The Board of Directors of MacDonald Training Center Foundation, Inc. has designated a portion of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as net assets without donor restrictions.

*Investment Return Objectives, Risk Parameters, and Strategies:* The Organization has adopted an investment policy statement approved by the Board of Directors. The policy statement stipulates that the endowment investments should be managed as a long-term goal designed to maximize the returns without exposure to undue risk. Whereas it is understood that fluctuating rates of return are characteristic of the securities market, the greatest concern should be long-term appreciation of the assets and consistency of total portfolio returns. Recognizing that short-term market fluctuations may cause variations in the account performance, the Organization will pursue a strategy seeking to exceed a benchmark return of a target portfolio ranging from 65% - 70% equities and 35% - 30% fixed income securities.

*Spending Policy:* The Organization’s spending policy allows for an annual distribution equal to 6% of the fair value of endowment funds as of the prior June 30<sup>th</sup> of each year. If extraordinary circumstances warrant an additional distribution, the Organization’s spending policy allows for a maximum distribution up to 10% of the fair value of endowment funds as of the prior June 30<sup>th</sup> each year.

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### **(11) Board-Designated Endowment - Continued**

Changes in endowment fund net assets for the years ended September 30, 2021 and 2020 were as follows:

Balance at September 30, 2019	\$ 2,596,412
Investment income	42,477
Realized and unrealized gains	200,712
Reclassifications	53,532
Contributions	1,000
Withdrawals	<u>(133,316)</u>
 Balance at September 30, 2020	 2,760,817
Investment income	28,606
Realized and unrealized gains	749,620
Reclassifications	317,232
Contributions	1,000
Withdrawals	<u>(265,528)</u>
 Balance at September 30, 2021	 <u>\$ 3,591,747</u>

#### **(12) Contingencies**

The Organization routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Organization's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, on the Organization's combined financial statements cannot be determined at this time and no provision has been made for any such adjustment in the accompanying combined financial statements.

The Organization is involved in various claims and legal actions arising in the ordinary course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the combined financial position of the Organization.

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### **(13) Fair Value Measurements**

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are governmental bonds, equities, and mutual funds.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include money market funds, government bonds, certificates of deposit and Community Foundation investments.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair value of assets measured on a recurring basis at September 30, 2021 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 92,104	-	92,104	-
Common stocks:				
US Large Growth	142,051	142,051	-	-
US Large Cap Blend	278,905	278,905	-	-
US Large Value	322,620	322,620	-	-
US Mid Cap Growth	29,417	29,417	-	-
US Mid Cap Value Equity	44,087	44,087	-	-
US Small Cap Value	37,395	37,395	-	-
US Small Cap Growth	112,252	112,252	-	-
International	150,833	150,833	-	-
Other	76,038	76,038	-	-
Mutual funds and ETF's - equities:				
US Large Growth	-	-	-	-
US Large Cap Blend	1,306,429	1,306,429	-	-
US Large Value	60,349	60,349	-	-
US Mid Cap Growth	9,452	9,452	-	-
US Mid Cap Blend	14,469	14,469	-	-
US Mid Cap Value Equity	23,734	23,734	-	-
US Small Cap Growth	21,618	21,618	-	-
US Small Cap Blend	200,795	200,795	-	-
US Small Cap Value	42,753	42,753	-	-
High yield bond	287,153	287,153	-	-
Ultrashort bond	129,349	129,349	-	-
Market neutral	55,899	55,899	-	-
International	257,065	257,065	-	-
Emerging Markets	232,757	232,757	-	-
Community Foundation investment	<u>57,391</u>	<u>-</u>	<u>57,391</u>	<u>-</u>
Total investments	<u>\$ 3,984,915</u>	<u>3,835,420</u>	<u>149,495</u>	<u>-</u>

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### **(13) Fair Value Measurements - Continued**

Fair value of assets measured on a recurring basis at September 30, 2020 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 231,572	-	231,572	-
Certificates of deposit	225,000	-	225,000	-
Common stocks:				
US Large Growth	100,566	100,566	-	-
US Large Cap Blend	189,164	189,164	-	-
US Large Value	327,022	327,022	-	-
US Mid Cap Growth	18,384	18,384	-	-
US Mid Cap Value Equity	34,040	34,040	-	-
US Small Cap Value	12,527	12,527	-	-
International	117,442	117,442	-	-
Other	137,903	137,903	-	-
Mutual funds and ETF's - equities:				
US Large Growth	124,580	124,580	-	-
US Large Cap Blend	1,065,758	1,065,758	-	-
US Mid Cap Growth	7,206	7,206	-	-
US Mid Cap Blend	35,209	35,209	-	-
US Mid Cap Value Equity	17,233	17,233	-	-
US Small Cap Blend	102,044	102,044	-	-
US Small Cap Value	72,232	72,232	-	-
High yield bond	187,780	187,780	-	-
Ultrashort bond	169,302	169,302	-	-
International	208,084	208,084	-	-
Emerging Markets	168,277	168,277	-	-
Community Foundation investment	<u>44,892</u>	<u>-</u>	<u>44,892</u>	<u>-</u>
Total investments	<u>\$ 3,596,217</u>	<u>3,094,753</u>	<u>501,464</u>	<u>-</u>

#### **(14) Risks and Uncertainties**

The novel coronavirus (“COVID-19”) spread rapidly across the world in the first quarter of 2020 and was declared a pandemic by the World Health Organization in March 2020. The government and private sector responses to contain its spread began to adversely affect the broader economy and business in general in March 2020 and those impacts will likely affect the Organization’s operations through 2022, although such effects may vary significantly. The duration and extent of the pandemic and its effects over the longer terms cannot be reasonably estimated as of the date the combined financial statements were available for issuance. The risks and uncertainties resulting from the pandemic that may affect the results of operating activities, cash flows and financial condition include the nature and duration of any potential curtailment of various Organization activities and the long-term effect on sources of contributions, government contracts and other support and revenue. Accordingly, significant estimates used in the preparation of the combined financial statements including those associated with evaluations of certain long-lived assets for impairment and expected credit losses on amounts owed to the Organization may be subject to significant adjustments in future periods.

## MACDONALD TRAINING CENTER, INC. AND AFFILIATES

### Notes to Combined Financial Statements – Continued

#### **(14) Risks and Uncertainties - Continued**

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, there has been heightened market risk and the Organization's investment portfolio has incurred significant volatility in fair value since March 2020. Because the values of the Organization's individual investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in future periods, if any, and the related impact on the Organization's liquidity cannot be determined at this time.

#### **(15) Liquidity and Availability of Resources**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following represents the Organization's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual, donor imposed, or board designations within one year of the combined statement of financial position date. Those amounts not available include amounts set aside for longer-term investing in the endowment.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,149,536	828,019
Accounts receivable, net	827,118	331,355
Contributions receivable, net	196,014	212,177
Certificates of deposit	-	125,000
Investments	<u>3,984,915</u>	<u>3,471,217</u>
Total financial assets	6,157,583	4,967,768
Less amounts unavailable for general expenditure within one year due to:		
Board-designated endowment	(3,591,747)	(2,760,817)
Donor-imposed restrictions:		
Contributions restricted for future periods	(89,630)	(105,792)
Restricted for specific programs by donors	<u>(434,204)</u>	<u>(427,843)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,042,002</u>	<u>1,673,316</u>

## **MACDONALD TRAINING CENTER, INC. AND AFFILIATES**

### **Notes to Combined Financial Statements – Continued**

#### **(15) Liquidity and Availability of Resources - Continued**

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Organization's board has designated a portion of its unrestricted resources for endowment purposes (see Note 11). Those amounts are identified as board-designated in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

The Organization also has lines of credit available to meet short-term liquidity needs (see Note 6).

#### **(16) Subsequent Events**

The Organization has evaluated subsequent events through March 9, 2022, the date the combined financial statements were available for issuance.

**SUPPLEMENTARY FINANCIAL INFORMATION**

# MACDONALD TRAINING CENTER, INC. AND AFFILIATES

## Combining Statement of Financial Position

**September 30, 2021**

Assets	MacDonald Training Center, Inc.	MacDonald Training Center Properties, Inc.	MacDonald Training Center Foundation, Inc.	Eliminations	Combined Totals
Current assets:					
Cash and cash equivalents	\$ 1,059,971	25,809	63,756	-	1,149,536
Accounts receivable:					
Funding sources	66,717	-	-	-	66,717
Grants	76,388	-	-	-	76,388
Medwaiver and private insurance, net	285,997	-	-	-	285,997
Commercial, net	218,613	-	-	-	218,613
Other	178,965	438	-	-	179,403
Intercompany, net	207,253	60,745	-	(267,998)	-
Current portion of contributions receivable	106,384	-	-	-	106,384
Inventories	172,397	-	-	-	172,397
Prepaid expenses and other current assets	<u>64,038</u>	<u>16,514</u>	<u>1,750</u>	<u>-</u>	<u>82,302</u>
Total current assets	2,436,723	103,506	65,506	(267,998)	2,337,737
Investments	-	-	3,984,915	-	3,984,915
Contributions receivable, less current portion	89,630	-	-	-	89,630
Property and equipment, net	267,790	2,247,719	2,454	-	2,517,963
Other assets	<u>23,428</u>	<u>10,149</u>	<u>8,384</u>	<u>-</u>	<u>41,961</u>
	<u>\$ 2,817,571</u>	<u>2,361,374</u>	<u>4,061,259</u>	<u>(267,998)</u>	<u>8,972,206</u>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Current installments of capital lease obligations	\$ 6,121	-	-	-	6,121
Accounts payable and accrued expenses	437,509	11,464	480	-	449,453
Intercompany, net	<u>-</u>	<u>-</u>	<u>267,998</u>	<u>(267,998)</u>	<u>-</u>
Total current liabilities	443,630	11,464	268,478	(267,998)	455,574
Deposit liability	-	393,168	-	-	393,168
Capital lease obligations, less current installments	<u>9,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,413</u>
Total liabilities	453,043	404,632	268,478	(267,998)	858,155
Net assets	<u>2,364,528</u>	<u>1,956,742</u>	<u>3,792,781</u>	<u>-</u>	<u>8,114,051</u>
	<u>\$ 2,817,571</u>	<u>2,361,374</u>	<u>4,061,259</u>	<u>(267,998)</u>	<u>8,972,206</u>

# MACDONALD TRAINING CENTER, INC. AND AFFILIATES

## Combining Statement of Changes in Net Assets

**Year Ended September 30, 2021**

	MacDonald Training Center, Inc.	MacDonald Training Center Properties, Inc.	MacDonald Training Center Foundation, Inc.	Eliminations	Combined Totals
<b>Support and revenue:</b>					
Support:					
Special events revenue	\$ 42,803	-	-	-	42,803
Less special events costs	-	-	-	-	-
Net revenue from special events	42,803	-	-	-	42,803
Contributions and grants	760,619	-	15,492	-	776,111
	803,422	-	15,492	-	818,914
<b>Revenue:</b>					
Product sales	1,608,307	-	-	-	1,608,307
Cost of product sales	(368,133)	-	-	-	(368,133)
Net product sales	1,240,174	-	-	-	1,240,174
Medwaiver and private pay	1,413,969	-	-	-	1,413,969
Funding contracts	260,626	-	-	-	260,626
Rental income	-	3,603	-	-	3,603
Investment return designated for current operations	-	-	265,528	-	265,528
Other revenue	172,364	-	-	-	172,364
Intercompany revenue	586,015	58,278	-	(644,293)	-
	3,673,148	61,881	265,528	(644,293)	3,356,264
Total support and revenue	4,476,570	61,881	281,020	(644,293)	4,175,178
<b>Expenses:</b>					
Program services	3,532,207	292,965	-	(240,786)	3,584,386
Supporting services	1,168,823	42,036	379,482	(403,507)	1,186,834
Total expenses	4,701,030	335,001	379,482	(644,293)	4,771,220
Decrease in net assets before other changes	(224,460)	(273,120)	(98,462)	-	(596,042)
<b>Other changes:</b>					
Investment return in excess of amount designated for current operations	-	-	513,185	-	513,185
Contribution from forgiveness of Paycheck Protection Program loan	753,502	-	-	-	753,502
Gain on disposals of property	300	497,032	-	-	497,332
Increase in net assets	529,342	223,912	414,723	-	1,167,977
Net assets, at beginning of year	1,835,186	1,732,830	3,378,058	-	6,946,074
Net assets, at end of year	\$ 2,364,528	1,956,742	3,792,781	-	8,114,051

## **INTERNAL CONTROL AND COMPLIANCE**



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**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Combined Financial Statements  
Performed in Accordance with Government Auditing Standards**

The Board of Directors  
MacDonald Training Center, Inc. and Affiliates:

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 combined financial statements of MacDonald Training Center, Inc. and Affiliates (collectively a nonprofit organization), which comprise the combined statement of financial position as of September 30, 2021, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated March 9, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered MacDonald Training Center, Inc. and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of MacDonald Training Center, Inc. and Affiliates' 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 combined 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MacDonald Training Center, Inc. and Affiliates' combined financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the combined 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.

MAYER HOFFMAN McCANN P.C.

March 9, 2022  
St. Petersburg, Florida