

RISING TREETOPS AT OAKHURST
FINANCIAL STATEMENTS
DECEMBER 31, 2023

RISING TREETOPS AT OAKHURST

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Rising Treetops at Oakhurst
New York, New York

Opinion

We have audited the accompanying financial statements of Rising Treetops at Oakhurst, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rising Treetops at Oakhurst as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rising Treetops at Oakhurst and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rising Treetops at Oakhurst'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 Rising Treetops at Oakhurst's ability to continue as a going concern for a reasonable period of time.

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

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
August 28, 2024

RISING TREETOPS AT OAKHURST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

Cash and cash equivalents	\$ 1,366,175
Investments	2,383,934
Accounts receivable	447,372
Investment in real estate partnerships	19,008
Other assets	77,853
Operating lease right-of-use assets	56,084
Land	17,120
Building and improvements (net of \$4,503,475 of accumulated depreciation)	1,682,846
Equipment (net of \$1,004,430 of accumulated depreciation)	<u>5,188</u>
 TOTAL ASSETS	 <u>\$ 6,055,580</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 205,235
Construction payable	37,063
Due to government agencies	94,732
Contract liabilities	5,703
Operating lease liabilities	<u>56,084</u>

TOTAL LIABILITIES	<u>398,817</u>
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COMMITMENTS AND CONTINGENCIES

NET ASSETS:

Without donor restrictions:

Operating	2,136,317
Board designated	77,751
Land, building and equipment	<u>1,705,154</u>
Total net assets without donor restrictions	<u>3,919,222</u>

With donor restrictions:

Purpose restricted	494,765
Endowment	<u>1,242,776</u>
Total net assets with donor restrictions	<u>1,737,541</u>

TOTAL NET ASSETS	<u>5,656,763</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,055,580</u>
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The accompanying notes are an integral part of these financial statements.

RISING TREETOPS AT OAKHURST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowment	
OPERATING REVENUE:				
Contributions	\$ 381,687	\$ -	\$ -	\$ 381,687
Government program fees	1,970,249	-	-	1,970,249
Workforce stabilization revenue	42,886	-	-	42,886
Shore Friends of Rising Treetops at Oakhurst	37,600	-	-	37,600
UJA - Federation of N.Y.	50,000	-	-	50,000
Special events, net of direct cost of special events of \$28,672	212,152	-	-	212,152
Direct client fees	241,832	-	-	241,832
Program fees	14,739	-	-	14,739
Rental income	25,200	-	-	25,200
Total Operating Revenue	<u>2,976,345</u>	<u>-</u>	<u>-</u>	<u>2,976,345</u>
OPERATING EXPENSES:				
Program services	2,780,177	-	-	2,780,177
Supporting services:				
Management and general	383,613	-	-	383,613
Fundraising	108,072	-	-	108,072
Total Operating Expenses	<u>3,271,862</u>	<u>-</u>	<u>-</u>	<u>3,271,862</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(295,517)</u>	<u>-</u>	<u>-</u>	<u>(295,517)</u>
NONOPERATING REVENUES AND EXPENSES:				
Investment gain, net	197,440	-	242,853	440,293
Contributions	108	221,882	-	221,990
Other income	38,375	-	-	38,375
Gain on investment in real estate partnership	96,366	-	-	96,366
Net assets released from donor restrictions	290,532	(279,344)	(11,188)	-
Total Nonoperating Revenues and Expenses	<u>622,821</u>	<u>(57,462)</u>	<u>231,665</u>	<u>797,024</u>
CHANGE IN NET ASSETS	<u>327,304</u>	<u>(57,462)</u>	<u>231,665</u>	<u>501,507</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,591,918</u>	<u>552,227</u>	<u>1,011,111</u>	<u>5,155,256</u>
NET ASSETS, END OF YEAR	<u>\$ 3,919,222</u>	<u>\$ 494,765</u>	<u>\$ 1,242,776</u>	<u>\$ 5,656,763</u>

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

**RIISING TREETOPS AT OAKHURST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Direct Cost of Special Events	Total
	Summer Camp	Emergency Respite Care	Traditional Respite Care		Management and General	Fundraising			
Salaries	\$ 399,543	\$ 106,810	\$ 737,556	\$ 1,243,909	\$ 142,566	\$ 37,804	\$ 180,370	\$ -	\$ 1,424,279
Payroll taxes and employee benefits	88,507	23,661	163,384	275,552	31,579	8,374	39,953	-	315,505
Total salaries and related benefits	488,050	130,471	900,940	1,519,461	174,145	46,178	220,323	-	1,739,784
Contracted services	19,612	4,053	25,352	49,017	7,373	1,956	9,329	-	58,346
Occupancy	55,142	6,661	55,210	117,013	19,377	8,306	27,683	-	144,696
Professional fees	20,084	2,426	20,109	42,619	129,447	40,406	169,853	-	212,472
Food	86,645	10,467	86,752	183,864	-	-	-	-	183,864
Program supplies	45,248	5,466	45,303	96,017	-	-	-	-	96,017
Repairs and maintenance	62,718	12,988	92,405	168,111	1,000	429	1,429	-	169,540
Insurance	23,052	6,162	42,553	71,767	8,225	2,182	10,407	-	82,174
Recruitment	99,655	862	6,999	107,516	-	-	-	-	107,516
Catering and entertainment	-	-	-	-	-	-	-	28,672	28,672
Communications	21,148	6,787	44,835	72,770	7,688	5,458	13,146	-	85,916
Stationery, printing and office supplies	12,539	3,521	24,013	40,073	5,725	1,416	7,141	-	47,214
Travel and transportation	9,450	4,420	27,131	41,001	-	-	-	-	41,001
Depreciation	46,083	67,477	134,957	248,517	-	-	-	-	248,517
Miscellaneous	8,541	1,672	12,218	22,431	30,633	1,741	32,374	-	54,805
	509,917	132,962	617,837	1,260,716	209,468	61,894	271,362	28,672	1,560,750
Total expenses	997,967	263,433	1,518,777	2,780,177	383,613	108,072	491,685	28,672	3,300,534
Direct cost of special events	-	-	-	-	-	-	-	(28,672)	(28,672)
Total expenses reported by function on the statement of activities	\$ 997,967	\$ 263,433	\$ 1,518,777	\$ 2,780,177	\$ 383,613	\$ 108,072	\$ 491,685	\$ -	\$ 3,271,862

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

RISING TREETOPS AT OAKHURST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 501,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	248,517
Realized gain on investments	(48,067)
Unrealized gain on investments	(357,265)
Gain on investment in real estate partnership	(96,366)
Noncash lease expense	23,256
Changes in assets:	
Accounts receivable	420,539
Other assets	(21,803)
Changes in liabilities:	
Accounts payable and accrued expenses	21,916
Construction payable	(35,377)
Due to government agencies	12,356
Operating lease liabilities	(23,256)
Net Cash Provided By Operating Activities	<u>645,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	228
Distribution from real estate partnership	14,927
Fixed asset acquisitions	<u>(155,005)</u>
Net Cash Used In Investing Activities	<u>(139,850)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	506,107
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>860,068</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,366,175</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:	
Right-of-use asset obtained in exchange for lease obligations:	
Operating lease right-of-use assets	<u>\$ 44,955</u>
Building improvements included in construction payable	<u>\$ 37,063</u>

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

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

Rising Treetops at Oakhurst (the "Organization") is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Organization is to enhance the quality of life for children and adults with special needs, including autism and physical and intellectual disabilities, and provide respite for their families through a year-round camp experience.

The primary sources of funding for the Organization are government grants and contracts, private charitable contributions, and program fees.

Change in Accounting Principle

Adoption of ASU No. 2016-13

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On January 1, 2023, the Organization adopted the new accounting standard and all the related amendments using the modified retrospective method. There was no impact in initially applying the new credit loss standard to its accounts receivable and to the opening balance of net assets.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (cont'd.)

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Fair Value Measurement

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. To increase the comparability of fair value measurements, a framework for measuring fair value is used which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

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

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 for assets measured at fair value at December 31, 2023 in accordance with FASB ASC Topic 820.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (cont'd.)

Investment in Real Estate

The Organization is invested in four real estate partnerships. The following is a summary of the investments held at December 31, 2023:

	Ownership Percentage	Valuation Method	Value at December 31, 2023	
Audubon Partners, LLC	2.97%	Equity method	\$ -	a
Village Park Summit, LLC	3.42%	Equity method	19,008	
Roanoke Member 4, LLC	0.47%	Equity method	-	b
Charlotte Member 4, LLC	0.47%	Equity method	-	c
			\$ 19,008	

- a The Organization's capital account balance at December 31, 2023 was (\$35,792). As the Organization has no legal obligation to fund the deficit, the fair value of the Organization's investment at December 31, 2023 is \$0.

- b The Organization's capital account balance at December 31, 2023 was (\$25,346). As the Organization has no legal obligation to fund the deficit, the fair value of the Organization's investment at December 31, 2023 is \$0.

- c The Organization's capital account balance at December 31, 2023 was (\$41,375). As the Organization has no legal obligation to fund the deficit, the fair value of the Organization's investment at December 31, 2023 is \$0.

Allowance for Credit Losses

The allowance for credit losses estimate is based on management's assessment of the creditworthiness of its funders, the aged basis of its receivables, as well as current and future economic conditions and historical information. Receivables are charged off against the allowance for credit losses when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. If management determines an allowance is necessary, the resulting change will be an increase or decrease to credit loss expense. Interest income is not accrued or recorded on accounts receivable.

Management has determined that there was no need to record an allowance for credit losses as of December 31, 2023.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (cont'd.)

Fixed Assets

Fixed assets are recorded at cost. Items with a cost of \$500 or more and an estimated useful life of more than one year are capitalized. Depreciation of fixed assets is provided over the estimated useful lives of the assets utilizing the straight-line method. Estimated useful lives are as follows:

Building and improvements	5 to 35 years
Equipment	5 to 10 years

At December 31, 2023, construction in progress was \$145,461 for renovations to the swimming pool and gym and is included within building and improvements on the statement of financial position.

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at December 31, 2023 and January 1, 2023.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third-party payors for the Organization's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for the Organization's contract for services not yet performed that are expected to be performed within the next fiscal year. Contract liabilities as of December 31, 2023 and January 1, 2023 was \$5,703.

Net Assets

Net assets without donor restrictions include operating activities, which are amounts that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors (the "Board") established a reserve fund called the Happy Days Fund (the "Fund") which has a balance of \$77,751 as of December 31, 2023. The Fund will be used at the discretion of the Board, by a vote of the Board or its Executive Committee for any purpose the Board or Executive Committee designates.

Net assets with donor restrictions are amounts that are restricted by donors for specific purposes (purpose restricted) or are those which are established by donor-restricted gifts and bequests to provide an endowment (endowments).

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (cont'd.)

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include program administration, including staff and contracted services, occupancy, repairs and maintenance, and communications. These expenses are derived each year from ratio calculations of annual client hours or service and the number of days served.

Direct Client Fees

The Organization receives income directly from clients for the provision of services. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the services. The Organization bills for the services as they are provided, on a monthly basis. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied.

Contributions

Contributions are provided to the Organization either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (cont'd.)

Contributions (cont'd.)

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-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 statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

Leases

The Organization applies a two-model approach to all leases in which they are a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the Organization. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, the Organization records a right-of-use asset and a lease liability for all leases with a term greater than 12 months. In order to calculate the lease liability, certain assumptions related to lease terms and discount rates are made. Renewal options are evaluated in the determination of lease terms. When available, the Organization uses the rate implicit in the lease or a borrowing rate based on similar debt to discount lease payments. However, when a lease does not provide a readily determinable implicit rate, and the Organization's existing debt does not have similar terms, the Organization uses the U.S. Treasury rate constant maturity at each lease commencement date to discount lease payments. At December 31, 2023, the Organization applied a discount rate of 3.61%.

Measure of Operations

Changes in net assets from operations include all revenues and expenses for the period except for investment income, contributions, other income, loss on investment in real estate partnership, and net assets released from donor restrictions.

Accounting for Uncertainty in Income Taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2020.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 - Revenue from Contracts with Government Agencies

Service Revenue

The Organization receives funding from New York State Office for People with Developmental Disabilities ("OPWDD") to provide services to individuals with developmental disabilities. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the support and services. These amounts are due from third-party payors and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, the Organization bills third-party payors after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied. Accounts receivable at December 31, 2023 and January 1, 2023 were \$447,372 and \$867,911, respectively.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided based on per diem rates. The Organization believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

Because all of its performance obligations relate to contracts with durations of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(1) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

The Organization determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency and school district. The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-Party Payors

Agreements with third-party payors are based on pre-determined rates for established services as they are provided, on a quarterly hour basis.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 - Revenue from Contracts with Government Agencies (cont'd.)

Significant Judgments

Laws and regulations concerning government programs are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have upon the Organization.

From time to time, the Organization will receive overpayments resulting in amounts owed back to the government agency. In addition, contracts that the Organization has with certain government agencies provide for reconciliation and retroactive audit and review of documentation and annual report filings. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of December 31, 2023, the Organization has an estimated liability for amounts due to government agencies of \$94,732.

Reimbursement Method

Revenue of \$1,970,249 for the year ended December 31, 2023 was recognized as the service transferred over time.

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC Subtopic 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to the Organization's expectation that the period between when the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contract Costs

The Organization has applied the practical expedient provided by FASB ASC Subtopic 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

Note 3 - Concentration of Credit Risk

Substantially all of the Organization's cash balances are maintained in three financial institutions. Such balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. In addition, the Organization's investments are maintained at a financial institution insured through the Securities Investor Protection Corporation ("SIPC") for up to \$500,000. At December 31, 2023, and from time to time during the year then ended, the Organization's balances exceeded these limits.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 4 - Fair Value Measurement

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2023 as compared to that used at December 31, 2022.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following table presents the Organization's assets that are measured at fair value on a recurring basis at December 31, 2023:

	Total	Level 1	Level 2	Level 3
Investments:				
Mutual Funds	\$ 2,383,934	\$ 2,383,934	\$ -	\$ -

Note 5 - Purpose Restricted Net Assets

Purpose restricted net assets consist of the following at December 31, 2023:

Capital projects	\$ 258,800
Program development	235,965
	\$ 494,765

Purpose restricted net assets were released from restrictions by incurring expenses satisfying the following purposes for the year ended December 31, 2023:

Capital projects	\$ 279,344
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Note 6 - Endowments

The Organization's endowment consists of three individual donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 6 - Endowments (cont'd.)

Interpretation of Relevant Law

The Organization interprets New York State law, the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

It is the Organization's policy that any remaining portion of the donor-restricted endowment funds is classified as time restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. The amounts appropriated for expenditure represent amounts that were spent within the year in satisfying the purpose restriction. The Organization has considered the following factors in making a determination to appropriate or calculate donor-restricted endowment funds:

1. Duration of the fund
2. General purposes of the Organization and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the Organization
7. Investment policy of the Organization

Return Objectives, Strategies Employed and Spending Policy

The objective of the Organization is to maintain the principal endowment funds at the original amount designated by the donor while generating income. Interest earned in relation to the endowment funds is recorded as net assets with donor restrictions and released from restriction upon expenditure for the program for which the endowment fund was established. The Organization's policy is to calculate the 12-quarter average value of the endowment funds as of June 30 to approve an appropriation up to 5%, and in special circumstances up to 7%, for the spending in the upcoming year. The Board did not approve an appropriation for the year ended December 31, 2023.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
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Note 6 - Endowments (cont'd.)

Endowment Net Asset Composition by Type of Fund as of December 31, 2023

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Earnings</u>	<u>Original Donor Gift</u>	
Eisenberg Scholarship Fund	\$ 74,365	\$ 98,577	\$ 172,942
Charles A. and Mary De Bare Fund	443,283	538,831	982,114
Clara Rabinowitz Scholarship Fund	37,720	50,000	87,720
	<u>\$ 555,368</u>	<u>\$ 687,408</u>	<u>\$ 1,242,776</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2023

	<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Accumulated Earnings</u>	<u>Original Donor Gift</u>	
Endowment net assets, beginning of year	\$ 323,703	\$ 687,408	\$ 1,011,111
Investment gain, net	242,853	-	242,853
Appropriation of funds for expenditures	(11,188)	-	(11,188)
Endowment net assets, end of year	<u>\$ 555,368</u>	<u>\$ 687,408</u>	<u>\$ 1,242,776</u>

Funds with Deficiencies

The Organization does not have any funds with deficiencies.

Note 7 - Leases

The Organization's right-of-use assets and lease liabilities relate to office space.

Lease components in the Organization's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At December 31, 2023, the lease liability is equal to the present value of the remaining lease payments, discounted using the U.S. Treasury rate constant maturity at each lease commencement date.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 7 - Leases (cont'd.)

Lease activity for the year ended December 31, 2023 was as follows:

Lease Cost:	
Operating lease cost	\$ <u>23,256</u>
Other Information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>23,256</u>
Weighted-average remaining lease term:	
Operating lease	<u>1.28 years</u>
Weighted-average discount rate:	
Operating lease	<u>3.61%</u>

Future minimum lease payments at December 31, 2023 are as follows:

<u>Years Ending December 31:</u>	
2024	\$ 37,518
2025	<u>20,080</u>
Total future minimum undiscounted lease payments	57,598
Less: Amount representing interest	<u>1,514</u>
Present value of future payments	56,084
Less: Current obligations	<u>33,696</u>
Long-term obligations	<u>\$ 22,388</u>

Note 8 - Contingencies

Employee Retention Credit

The Internal Revenue Service (“IRS”) may undertake a review of the Employee Retention Credit (“ERC”) for a period of three years from the date the amended return was filed. The Organization filed for refunds of \$308,464 in July 2023, for the first, second and third quarters of 2021. As of December 31, 2023, the Organization received payments of \$219,244.

Paycheck Protection Program

The Small Business Administration (“SBA”) may undertake a review of a Paycheck Protection Program (“PPP”) loan of any size greater than \$150,000 during the six-year period following forgiveness or repayment of the loan. If selected, the review would include the loan forgiveness application, as well as whether the Organization met the eligibility requirements of the PPP and received the proper loan amount. In May 2020 and April 2021, the Organization received PPP loans in the amount of \$243,298 and \$205,367, respectively, and received full forgiveness of the PPP loans in September 2021 and August 2022. The Organization is subject to an SBA review until September 2027 and August 2028. Whether the Organization will be selected for an SBA review as well as the timing and outcome is not yet known.

RISING TREETOPS AT OAKHURST
NOTES TO FINANCIAL STATEMENTS
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Note 9 - Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use within one year. Total financial assets available to meet cash needs for general expenditures within one year at December 31, 2023 are as follows:

Cash and cash equivalents	\$ 1,366,175
Investments	2,383,934
Accounts receivable	447,372
Total financial assets	<u>4,197,481</u>
Less: Internal or donor-imposed restrictions	
Board designated	77,751
Purpose restricted	494,765
Endowments	<u>1,242,776</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,382,189</u>

There are board-designated reserves of \$77,751 at December 31, 2023. Although the Organization does not intend to spend from these reserves, these amounts could be made available if necessary.

The Organization's goal is to maintain financial assets to meet one year of operating expenses. As part of its liquidity management, the Organization has a policy to structure financial assets to be available as general expenditures, liabilities and other obligations come due.

Note 10 - Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2023 through August 28, 2024, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.