

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**



CERTIFIED PUBLIC ACCOUNTANTS

**THE VICTORY CENTER, INC. AND SUBSIDIARY  
YEARS ENDED JUNE 30, 2024 AND 2023**

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CERTIFIED PUBLIC ACCOUNTANTS



DAVID D. SHARFF, C.P.A. - DECEASED  
STEVEN C. WITTMER, C.P.A. - DECEASED  
JOSEPH M. KURTZ, C.P.A. - RETIRED  
MICHAEL L. JACKSON, C.P.A. - RETIRED  
MARTIN ROSEN, C.P.A. - RETIRED

LUIS E. DIAZ, C.P.A.  
JOSEPH M. JACKSON, C.P.A.  
AMY K. BEENKEN, C.P.A.  
LAURA S. FEINBERG, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Victory Center, Inc.  
North Miami Beach, FL 33180

We have audited the accompanying consolidated financial statements of The Victory Center, Inc., and subsidiary, together ("the Center"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

*Sharff, Wittmer, Kurtz, Jackson & Diaz, P.A.*

SHARFF, WITTMER, KURTZ, JACKSON & DIAZ, P.A.  
Certified Public Accountants

Coral Gables, Florida  
October 17, 2024



CERTIFIED PUBLIC ACCOUNTANTS

**THE VICTORY CENTER, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 593,674	\$ 190,023
Restricted cash	96,535	78,292
Certificates of deposit	100,000	300,000
Investments	316,535	403,411
Accounts receivable	-	3,553
Employee tax credit receivable	-	66,046
Prepaid expenses and other assets	24,459	24,770
<b>TOTAL CURRENT ASSETS</b>	<b>1,131,203</b>	<b>1,066,095</b>
Fixed asset, net	2,897,621	2,958,720
Right-of-use assets	726,753	727,141
<b>TOTAL ASSETS</b>	<b>\$ 4,755,577</b>	<b>\$ 4,751,956</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 30,641	\$ 27,108
Prepaid tuition	238,469	206,288
Current portion of right-of-use liabilities	206	194
<b>TOTAL CURRENT LIABILITIES</b>	<b>269,316</b>	<b>233,590</b>
<b>LONG-TERM LIABILITIES</b>		
Right-of-use liabilities	726,547	726,947
<b>TOTAL LIABILITIES</b>	<b>995,863</b>	<b>960,537</b>
<b>NET ASSETS</b>		
Without donor restrictions	3,549,213	3,612,168
With donor restrictions	210,501	179,251
<b>TOTAL NET ASSETS</b>	<b>3,759,714</b>	<b>3,791,419</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,755,577</b>	<b>\$ 4,751,956</b>

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Program services and fees	\$ 1,445,216	\$ -	\$ 1,445,216	\$ 1,350,860	\$ -	\$ 1,350,860
Contributions and grants	268,753	184,981	453,734	344,107	97,000	441,107
Fundraising	137,321	-	137,321	48,417	-	48,417
Net assets released from restrictions	153,731	(153,731)	-	133,517	(133,517)	-
Total revenues	<u>2,005,021</u>	<u>31,250</u>	<u>2,036,271</u>	<u>1,876,901</u>	<u>(36,517)</u>	<u>1,840,384</u>
<b>EXPENSES</b>						
Program services	1,914,858	-	1,914,858	1,730,242	-	1,730,242
Management and general	85,172	-	85,172	67,452	-	67,452
Fundraising activities	113,632	-	113,632	119,641	-	119,641
Total expenses	<u>2,113,662</u>	<u>-</u>	<u>2,113,662</u>	<u>1,917,335</u>	<u>-</u>	<u>1,917,335</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(108,641)	31,250	(77,391)	(40,434)	(36,517)	(76,951)
<b>OTHER CHANGES IN NET ASSETS</b>						
Investment income	40,490	-	40,490	14,706	-	14,706
Other income	5,196	-	5,196	-	-	-
Total other changes in net assets	<u>45,686</u>	<u>-</u>	<u>45,686</u>	<u>14,706</u>	<u>-</u>	<u>14,706</u>
CHANGE IN NET ASSETS	(62,955)	31,250	(31,705)	(25,728)	(36,517)	(62,245)
NET ASSETS, BEGINNING OF YEAR	3,612,168	179,251	3,791,419	3,637,896	215,768	3,853,664
NET ASSETS, END OF YEAR	<u>\$ 3,549,213</u>	<u>\$ 210,501</u>	<u>\$ 3,759,714</u>	<u>\$ 3,612,168</u>	<u>\$ 179,251</u>	<u>\$ 3,791,419</u>

Read independent auditor's report and notes to consolidated financial statements.

**THE VICTORY CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

Description	Program Services				Supporting Activities		2024 Total Expenses
	Primary Academy Vocational School	Adult Program	Sports Therapy	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,128,135	\$ 128,406	\$ 83,062	\$ 1,339,603	\$ 50,399	\$ -	\$ 1,390,002
Employee benefits	66,075	9,042	7,144	82,261	2,299	-	84,560
Payroll taxes	97,603	10,977	7,110	115,690	4,165	-	119,855
Total salaries and related expenses	1,291,813	148,425	97,316	1,537,554	56,863	-	1,594,417
Auto and travel	5,931	-	-	5,931	1,977	-	7,908
Conferences, meetings and training	14,652	-	-	14,652	299	-	14,951
Credit card processing and related fees	-	-	-	-	-	5,313	5,313
Depreciation and amortization expense	62,759	-	-	62,759	3,930	-	66,689
Employment advertisement	2,118	-	-	2,118	235	-	2,353
Fingerprinting and drug testing	3,867	-	-	3,867	-	-	3,867
Insurance	24,963	531	397	25,891	2,640	-	28,531
Information technology	7,469	-	-	7,469	510	9,223	17,202
Lunches	10,163	-	-	10,163	-	-	10,163
Marketing expenses	-	-	-	-	-	21,075	21,075
Office expenses	5,538	-	-	5,538	616	21	6,175
Professional fees and contract services	42,537	-	-	42,537	4,726	78,000	125,263
Program consultants	29,750	-	-	29,750	-	-	29,750
Rent and other occupancy expenses	111,857	-	-	111,857	12,232	-	124,089
Repairs	1,463	-	-	1,463	162	-	1,625
School supplies	23,700	470	274	24,444	-	-	24,444
Telephone	8,840	-	-	8,840	982	-	9,822
Trips and events	14,739	2,292	-	17,031	-	-	17,031
Uniforms	2,994	-	-	2,994	-	-	2,994
Total Expenses	\$ 1,665,153	\$ 151,718	\$ 97,987	\$ 1,914,858	\$ 85,172	\$ 113,632	\$ 2,113,662

Read independent auditor's report and notes to consolidated financial statements.

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Description	Program Services				Supporting Activities		2023 Total Expenses
	Primary Academy Vocational School	Adult Program	Sports Therapy	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,033,878	\$ 98,834	\$ 54,362	\$ 1,187,074	\$ 41,028	\$ -	\$ 1,228,102
Employee benefits	54,620	4,831	4,154	63,605	2,113	-	65,718
Payroll taxes	92,015	8,246	4,708	104,969	3,496	-	108,465
Total salaries and related expenses	1,180,513	111,911	63,224	1,355,648	46,637	-	1,402,285
Auto and travel	735	-	-	735	155	-	890
Conferences, meetings and training	15,338	1,500	-	16,838	128	-	16,966
Credit card processing and related fees	-	-	-	-	-	3,927	3,927
Depreciation and amortization expense	66,020	-	-	66,020	3,860	-	69,880
Employment advertisement	5,279	-	-	5,279	586	-	5,865
Fingerprinting and drug testing	2,945	-	-	2,945	-	-	2,945
Insurance	26,717	519	462	27,698	2,522	-	30,220
Information technology	10,017	-	-	10,017	491	10,179	20,687
Lunches	11,331	-	-	11,331	-	-	11,331
Marketing expenses	13	-	-	13	-	25,805	25,818
Office expenses	7,592	-	-	7,592	843	105	8,540
Professional fees and contract services	36,932	-	-	36,932	4,104	79,625	120,661
Program consultants	29,250	-	-	29,250	-	-	29,250
Rent and other occupancy expenses	102,260	-	-	102,260	6,696	-	108,956
Repairs	2,955	-	-	2,955	328	-	3,283
School supplies	26,475	460	-	26,935	-	-	26,935
Telephone	9,919	-	-	9,919	1,102	-	11,021
Trips and events	12,986	1,522	-	14,508	-	-	14,508
Uniforms	3,367	-	-	3,367	-	-	3,367
Total Expenses	\$ 1,550,644	\$ 115,912	\$ 63,686	\$ 1,730,242	\$ 67,452	\$ 119,641	\$ 1,917,335

Read independent auditor's report and notes to consolidated financial statements.



**THE VICTORY CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (31,705)	\$ (62,245)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	66,689	69,880
Amortization of right-of-use assets	194	184
Non-cash lease liability interest expense	41,806	41,816
Payments on lease liabilities	(42,000)	(42,000)
Realized and unrealized gain on investments	(3,587)	(2,110)
Decrease (increase) in accounts receivable	3,553	(3,482)
Decrease in employee tax credit receivable	66,046	-
Decrease in prepaid expenses	310	6,675
Increase (decrease) in accounts payable and accrued expenses	3,533	(7,624)
Increase in prepaid tuition	32,181	41,518
Net cash provided by operating activities	137,020	42,612
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(5,590)	(22,351)
Sale (purchase) of certificate of deposits	200,000	(300,000)
Proceeds from investments	711,003	199,037
Purchases of investments	(620,539)	(600,338)
Net cash provided by (used in) investing activities	284,874	(723,652)
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	421,894	(681,040)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	268,315	949,355
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	\$ 690,209	\$ 268,315
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Additions in right-of-use assets obtained from operation lease liabilities	\$ -	\$ 727,325

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND OPERATIONS**

Description of organization

The Victory Center, Inc (the “Center”) is a not-for-profit corporation organized under the state of Florida. The Center operates a private school in North Miami Beach, Florida to provide children and adults with autism and related disabilities with comprehensive individualized education and science-based therapies. The school commenced operations on June 1, 2000. In 2011, the Center became accredited by the Advance Southern Association of Colleges and School Council.

On May 5, 2011, TVC Academy, LLC (the “LLC”) was formed as a wholly owned LLC to process the Family Empowerment Scholarship for Unique Abilities, from the state of Florida. The LLC has no separate operations.

The Center provides education and service to individuals and families with autism and similar disorders in a secure and stimulating learning environment. The Center operates five full-days, year-round programs in classroom and virtual settings. The available programs include Early Intensive Behavioral Intervention (EIBI), Primary K-8, Vocational, Academy, Adult and Sports Therapy. Additionally, the Center offers respite and community outreach programs including aftercare, summer programs and other activities.

Early Intensive Behavioral Intervention (EIBI)

The program offers individualized Applied Behavioral Analysis (ABA) based instruction to children ages 2 to 5 in an intensive 1:1 and 2:1 student-to-teacher ratio setting by professionals qualified in areas of behavior analysis, education, and other related services. Teaching sessions are designed to teach communication skills, classroom routine skills, independent living skills such as potty training, and compliance. Further, the program focuses on reducing maladaptive behavior by creating behavior intervention plans individualized for each student. Teaching sessions alternate with small group activities which expose students to diverse social situations to help develop social and motor skills. Each student’s schedule of learning activities is designed to meet his or her needs.

Primary K-8

The program focuses on implementing individualized grade level instructions that adheres to academic state standards such as Common Core for students ages 6 to 12. Students receive individualized teaching through Discrete Trial Training (DTT) and small group instruction on various subjects such as math, science, language arts, and reading. The primary program also focuses on social skills, communication skills, independent living skills, and reduction of maladaptive behavior. Additionally, the program includes individualized fitness components including swimming, yoga, cardio, and strength training.

The program offers 1:1, 2:1, and 3:1 student-to-teacher ratio and is instructed by professionals qualified in areas of behavior analysis, education, and other related services. Cutting-edge technology and targeted software applications such as IXL, a comprehensive K-8 learning experience, Edmark functional reading program, and Maxscholar, a multi-sensory reading and language-based program have been implemented to enhance program efficacy.

Vocational

The Vocational Program, unique in the South Florida area, focuses on teaching functional skills that allow an individual to be more independent when he or she transitions to adulthood. This is a center-based program for students ages 13 to 22, which is geared toward students who are unable to obtain a high school diploma and focuses on vocational training and daily living skills. The work is underscored by four primary principles: functional academics, domestic living, vocational training, and community skills. The program offers students a variety of experiences including community-based instruction (CBI), job-training, and job placement. Additionally, the program includes individualized fitness components including swimming, yoga, cardio, and strength training.

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND OPERATIONS (CONTINUED)**

Vocational (continued)

The program offers 1:1, 2:1, and 3:1 student-to-teacher ratio and is staffed by professionals qualified in the areas of behavior analysis, education, and other related services. Each vocational student is assessed using the Community Based Functional Assessment and has an individualized education program that meets his or her needs and interests. These skills are taught using the ABA principles, and include instruction in the classroom, in a home environment, and in the community setting to promote generalization.

Academy

The program focuses on implementing individualized grade level instructions that adheres to academic state standards such as Common Core for students ages 13-22. Students received individualized teaching through small group instruction on various subjects such as math, science, language arts, and reading. Additionally, the program includes individualized fitness components including swimming, yoga, cardio, and strength training.

The program offers 3:1 and 5:1 student-to-teacher ratio and is instructed by professionals qualified in areas of behavior analysis, education, and other related services. Cutting-edge technology and targeted software applications such as IXL, a comprehensive K-12 learning experience, Edmark functional reading program, and Maxscholar, a multi-sensory reading and language-based program have been implemented to enhance program efficacy. The program offers students a variety of experiences including community-based instruction, job-training, and job placement.

Adult Program

This program is offered to serve the needs of individuals with disabilities beyond age 22. The program's objective is to create a level of independence by setting goals, teaching independent living skills, communication skills, and reducing maladaptive behavior. Goals for each student are established and designed during meetings between staff and parents and are monitored throughout the year. The program offers students a variety of experiences including community-based instruction, job-training, and job placement. Additionally, the program includes individualized fitness components including swimming, yoga, cardio, and strength training.

The program offers 2:1, and 3:1 student-to-teacher ratio and is staffed by professionals qualified in the areas of behavior analysis, education, and other related services.

Sports Therapy

The physical education program consists of developmentally appropriate fitness activities for students with autism and related disabilities. Five of the six programs consist of 4 hours of physical education per week (1 hour, 4 times per week). The physical education program includes activities that target fine/gross motor movements, social skills among peers, teamwork, and self-improvement. The Center has a full-time coach who leads activities, which include swimming, yoga, biking, Zumba, training on fitness center equipment and team sports such as basketball, kickball, cycling, soccer, flag football among others. The physical education program also includes strengthening and stretching exercises that are conducted in an indoor fitness center to improve flexibility and core strength.

Middle School Program

The goal of the middle school program is to deliver individualized, intensive, and evidence-based educational services to children and adolescents with autism and related developmental disabilities. The program focuses on social skills, communication, independent living skills and reduction of maladaptive behavior and implements individualized grade level instruction that adheres to academic state standards such as common core for students ages 11 to 13. Students receive individualized teaching through Discrete Trial Training and small group instruction on various subjects such as math, science, language arts, and reading.

**THE VICTORY CENTER, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND OPERATIONS (CONTINUED)**

Middle School Program (Continued)

The program also includes individualized fitness components such as swimming, yoga, cardio, and strength training and is instructed by professionals qualified in areas of applied behavior analysis, education, and other related services. Cutting-edge technology and targeted software applications such as IXL, a comprehensive K-8 learning experience, Edmark functional reading, and Maxscholar, a multi-sensory reading and language-based program have been implemented to enhance program efficacy.

Respite and Community Programs

Research shows that parents and caregivers who have a child with autism experience increased stress. The Center's respite and community programming recognizes these risk factors and the importance of reducing parental stress. As such, the Center offers activities and programs such as Saturday Laugh n' Learn and Saturday Teens Activities and Recreation (STAR) program among others, which provide families with an option for weekend respite while enabling students to form social networks and strengthen their social and communication skills.

- Aftercare program: Provides students ages 5-22 years old after school care in a nurturing and stimulating environment with intensive 2:1 student-to-teacher ratio setting. Instructors are trained to continue working on the student's individualized communication and leisure goals.
  
- Summer Camp Program: Provides a 9-week camp for students with autism and related disabilities to learn and participate in recreational activities with trained staff using ABA approach. In this program, students are given the opportunity to continue making gains toward their individualized goals. Also, students can participate in weekly field trips and swimming lessons, which present valuable opportunities to ensure that skills taught in the classroom are generalized to the community.

Management and general activities include the functions necessary to provide support for the Center's program activities including governance, oversight, business management, financial recordkeeping, budgeting, human resource management, and similar activities that ensure adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor lists, and other activities involved with soliciting contributions from corporations, foundations and individuals.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Classification of the Center's net assets and its revenues and expenses are based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. The Center's board of directors (the "Board") may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. Donor restrictions are met by actions of the Center or by the passage of time.

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles 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 all moneys in banks and highly liquid investments with an original maturity date of three months or less. The Center maintains its cash and cash equivalents in checking accounts and money market funds similar to demand deposits, which may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant risks on cash and cash equivalents. Cash subject to restrictions include scholarship account, which is separately presented as restricted cash in the statement of financial position.

Accounts Receivable

Accounts receivable are primarily the balance of tuition due. Management believes that all outstanding accounts receivable are collectible in full and therefore no allowance for uncollectible receivables was considered necessary as of June 30, 2023. There were no accounts receivable as of June 30, 2024.

Pledged Contributions receivables

All unconditional pledges that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis, using rates ranging from 0.641% to 2.960%. The Center determines an allowance based on specific identification, historical write-offs, and current economic conditions.

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. As of June 30, 2024 and 2023 there were no pledged contributions receivables nor allowance for uncollectible pledges.

Fixed Assets

Leasehold improvements, equipment and furniture and fixtures are reported in the statement of financial position at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions of property and equipment in excess of \$500 and useful life of more than one (1) year are capitalized. Repairs and maintenance that do not significantly increase useful life of the asset are expensed as incurred. Depreciation is computed using the double declining balance or straight-line depreciation method over the estimated useful lives of the assets, as follows:

Capitalized lease	99 years
Equipment	5-10 years
Furniture and fixtures	7 years

Fixed assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. As of June 30, 2024 and 2023, no impairment losses were recognized in the consolidated financial statements.

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Revenues for operations are received primarily from monthly program tuition, and a one-time annual enrollment fee for first year students. The Center also benefits from monetary contributions and donated services as described below.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional pledges, if any, are recognized when the conditions on which they depend are substantially met. Unconditional pledges due in the next year are recorded at their net realizable value.

Donated services are provided by the board members. The contributed services do not meet the criteria for ASC 958, Not-for-Profit Entities, which allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Center are reported as expenses of those functional areas.

Income Taxes

The Center is a nonprofit organization, exempt from federal taxes on income other than unrelated business income, under section 501(c)(3) of the Internal Revenue Code. The Center experienced no taxes as a result of unrelated business income for the year ended June 30, 2024. The Center is not classified as a private foundation by the Internal Revenue Service. Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Center in its tax returns. The Center's status as an exempt organization is defined as an income tax position under these requirements. While management believes, it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Center in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Center has any material uncertain tax positions at June 30, 2024.

Investments

Investments are reported at fair value in the statement of financial position. Any unrealized and realized gains or losses are reported in the statements of activities as a change in net assets without donor restrictions. Interest and dividend income is recognized when earned. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are reflected in the statements of activities. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold. Purchases and sales of securities are recognized on a trade-date basis.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurements

Assets and liabilities that are reported at fair value on a recurring basis are categorized into a fair value hierarchy. 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. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs – Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2 Inputs – Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

Investments in bonds, equities, and mutual funds are carried at fair value based on quoted prices in active markets in the statement of financial position.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The overall reclassification had no impact on previously reported change in net assets or cash flows.

**NOTE 3 – FIXED ASSETS**

Leasehold interest, property and equipment consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Capitalized leasehold interest	\$ 3,000,000	\$ 3,000,000
Equipment	318,194	312,604
Furniture and fixtures	<u>53,080</u>	<u>53,080</u>
Total	3,371,274	3,365,684
Less accumulated depreciation and amortization	<u>(473,653)</u>	<u>(406,964)</u>
Total property and equipment, net	<u><u>\$ 2,897,621</u></u>	<u><u>\$ 2,958,720</u></u>

For the years ended June 30, 2024 and 2023, depreciation and amortization expense was \$66,689 and \$69,880, respectively.

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**NOTE 4 – AVAILABILITY AND LIQUIDITY**

Quantitative:

As of June 30, 2024 and 2023, there are no board designated net assets. The Center's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 593,674	\$ 190,023
Accounts receivable	-	3,553
Certificate of deposits	100,000	300,000
Investments	316,535	403,412
Employee tax credit receivable	-	66,046
Total financial assets available within one year	<u>1,010,209</u>	<u>963,034</u>
Less: amounts unavailable for general expenditures within one year due to donor restrictions	<u>(210,501)</u>	<u>(179,251)</u>
Total financial assets available within one year	<u>\$ 799,708</u>	<u>\$ 783,783</u>

Qualitative:

As of June 30, 2024 and 2023, the Center had \$799,708 and \$783,783, respectively, of financial assets available within one (1) year of the statement of financial position date to meet cash need for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. Accounts receivable consist of tuition receivable, which are collected on a monthly basis.

Although the Center's Board has not established a finite amount of liquidity required, management and the Board evaluate the Center's liquidity needs on a monthly basis and make decisions as to fundraising, tuition rates and expenditures according to available liquidity resources.

**NOTE 5 – NET ASSETS**

As of June 30, 2024 and 2023, net assets with donor restrictions consist of the following:

<b>Restriction:</b>	<b>Purpose:</b>	<u>2024</u>	<u>2023</u>
Scholarship fund	Funding for families in need	\$ 83,351	\$ 68,184
Adult program	Funding for adult program	81,510	81,510
Technology	Software maintenance, IT and repairs	16,521	9,399
Sports therapy	New physical education program	10,000	10,000
PPE	Personal protective equipment	8,582	10,158
Teacher development	Training	8,037	-
Consultant	Strategic consulting services	2,500	-
Total		<u>\$ 210,501</u>	<u>\$ 179,251</u>



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**NOTE 5 – NET ASSETS (CONTINUED)**

For the years ended June 30, 2024 and 2023 net assets were released from donor restrictions by either incurring expenses satisfying the purpose of the restriction or meeting time restrictions specified by the donor for the year as follows:

	<u>2024</u>	<u>2023</u>
Scholarship Fund	\$ 44,833	\$ 34,275
Program instructors	70,000	-
Personal protective equipment	1,576	1,880
Sports Therapy	9,981	66,761
Community based instruction	5,000	10,000
Consultant	7,500	-
Teacher development	11,963	15,000
Technology	2,878	5,601
Total	<u>\$ 153,731</u>	<u>\$ 133,517</u>

**NOTE 6 – REVENUE RECOGNITION**

The Center's primary revenue stream is program tuition revenue, which falls under Topic 606. The Center earns tuition fees from educational and therapy services provided to students with autism and related disabilities as described in NOTE 1. The Center receives monthly tuition payments at the beginning of each month during the school year. Tuition and fee revenue is recorded at established rates, net of financial aid and scholarships. Tuition payments vary depending on the program, and some of the payments include scholarship funds received by eligible students. Revenue amounts are considered to be fixed and determinable and are recorded as revenue when performance obligations are satisfied which is generally over time as services are rendered. The tuition fees are recognized when earned by the end of the month and any tuition prepayments and scholarship funds received in advance are deferred until services are provided. Management does not consider significant judgment involved in determining satisfaction of performance obligations given the direct linkage to the academic calendar. Tuition and fees are nonrefundable.

The following table summarizes the Center's disaggregated revenue by source for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Tuition fees and scholarships	\$ 1,396,254	\$ 1,303,739
Enrollment fees	10,500	16,800
Program evaluation fees	9,660	5,790
Transportation, lunch and other fees	28,682	24,381
After school	120	150
	<u>\$ 1,445,216</u>	<u>\$ 1,350,860</u>

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**NOTE 6 – REVENUE RECOGNITION (CONTINUED)**

Contributions received are measured at their fair values and are reported as an increase in net assets. All contributions are available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as restricted support if they have donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor-imposed 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 statements of activities as net assets released from restrictions. Conditional pledges are recognized when their conditions are substantially met. Unconditional pledges due the following year are recorded at their net realizable value. As of June 30, 2024 and 2023, there were no outstanding pledged contributions.

Contract liabilities: The timing of revenue recognition, billings and payment collections results in advanced tuition payments received by the Center. Tuition is billed throughout the school year on a monthly basis in accordance with the enrollment contractual terms. However, scholarship funds for eligible students are received on a quarterly or monthly basis depending on the scholarship terms. The quarterly scholarship funds are received before revenue is recognized, resulting in contract liabilities. These funds are netted against tuition billings and recognized when revenue is earned. As of June 30, 2023, the beginning and ending contract liabilities were \$69,825 and \$83,763, respectively. As of June 30, 2024, the ending contract liabilities were \$125,369.

Various economic factors affect revenue and cash flows. The Center receives scholarship funding from the state based on the financial need of its students. Therefore, tuition prices, scholarship availability and economic downturns can have a significant impact on enrollment. Additionally, other revenues are derived from fundraising activities and contributions.

**NOTE 7 – LEASE COMMITMENTS**

In March 2020, the Center entered into a lease agreement for the rental of a copy machine. The lease requires 60 equal monthly payments of \$233 with maturity date in March 2025.

Effective October 20, 2016, the Center entered into a sublease contract with Michael-Ann Russell Jewish Community Center, Inc. (“JCC”) for a 99-year term. The Center contributed \$3,000,000 for the construction of the subleased building. This tenant contribution is being amortized over the life of the lease. See NOTE 3. The Center moved into the new building and started operations during the 2018-2019 school year. The base rent is \$1 per year. Additionally, the Center pays a campus use fee of \$3,500 per month and approximately \$3,500 per month of pro rata share of direct expense.

On July 1, 2022, the Center implemented ASC 842, *Leases*. The Center assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the lease does not provide an implicit rate, the Center has elected to use the incremental borrowing rate (5.75%) to discount the annual lease payments. The pro rata share of direct expense amounted to approximately \$71,714 and is considered a variable lease payment recorded in the period in which the obligation for the payment is incurred. As of June 30, 2023, the pro rata share of direct expense amounted to approximately \$59,400. As a result of the implementation, the Center recorded right-of-use assets and liabilities for the base rent and campus use fee of \$727,325 as of July 1, 2022. As of June 30, 2024, the remaining lease term was 94 years.

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**NOTE 7 – LEASE COMMITMENTS (CONTINUED)**

The following summarizes the line items in the balance sheet, which include the amount of operating lease as of June 30, 2024:

Right-of-use asset	\$	726,753
Current portion of right-of-use liability		206
Right-of-use liability		726,547
Total right-of-use liability	\$	726,753

The maturities of the lease liability as of June 30, 2024 were as follows:

2025	\$	42,000
2026		42,000
2027		42,000
2028		42,000
2029		42,000
Thereafter		3,702,806
Total lease payments		3,912,806
Less: interest		3,186,053
Present value of lease liability	\$	726,753

The operating lease expense included in program services expense totaled \$42,000 as of June 30, 2024 and 2023.

Total variable lease expense was \$29,714 and \$57,207 for the years ended June 30, 2024 and 2023, respectively. Variable lease expense is included in rent and other occupancy expenses in the statement of functional expenses.

**NOTE 8 – CONCENTRATION RISK**

Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits. The Center deposits its cash with high quality financial institutions, management believes the Center is not exposed to significant credit risk on those amounts. The majority of the Center's contributions and grants are received from corporations, foundations, and individuals located in the greater Miami area. As such, the Center's ability to generate resources via contributions and grants is dependent upon the economic health of that area and the state of Florida. Management does not anticipate any significant reductions in donations in the future year.

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**NOTE 9 – EMPLOYEE RETENTION CREDIT**

The Center is eligible for the Employee Retention Credit (“ERC”) under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020. The ERC is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

During the year ended June 30, 2022, the Center received a total of \$24,389 for the quarters ending June 2021 and September 2021. Per FASB 958-605, Not-for-Profit Entities: Revenue Recognition, which indicates that a conditional contribution must have both (a) one or more barriers that must be overcome before a recipient is entitled to the assets transferred or promised and (b) a right of return to the contributor for assets transferred (or for a reduction, settlement, or cancellation of liabilities) or a right of release of the promisor from its obligations to transfer assets (or reduce, settle, or cancel liabilities). The Center determined both conditions were met. On September 9, 2021, The Center claimed another ERC for Q4 2020 in the amount of \$66,046, which was received during August 2023.

**NOTE 10 – INVESTMENT AND FAIR VALUE MEASUREMENTS**

Investments are recorded at fair value. The cost and fair value at June 30, are as follows:

Investments	2024		2023	
	Cost	FMV	Cost	FMV
U.S Treasury Securities	\$ 314,563	\$ 316,535	\$ 401,301	\$ 403,411
Total	\$ 314,563	\$ 316,535	\$ 401,301	\$ 403,411

As of June 30, 2024 and 2023, dividends and interest income amounted to \$40,629 and \$12,596, respectively, and unrealized losses and gains from investments amounted to \$138 and \$2,110, respectively.

The following table represents the Center’s investments and cash equivalents, measured at fair value on a recurring basis, and their level within the fair value hierarchy:

	Fair Value Measurements at June 30, 2024 Using:			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S Treasury Securities	\$ 316,535	\$ 316,535	\$ -	\$ -
Total	\$ 316,535	\$ 316,535	\$ -	\$ -

**THE VICTORY CENTER, INC. AND SUBSIDIARY**  
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**NOTE 10 – INVESTMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair Value Measurements at June 30, 2023 Using:				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S Treasury Securities	\$ 403,411	\$ 403,411	\$ -	\$ -
Total	\$ 403,411	\$ 403,411	\$ -	\$ -

In certain cases, the inputs to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the investment. The Center assesses the levels of the investments at each measurement date and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 and 3 during the year ended June 30, 2024.

**NOTE 12 – CERTIFICATE OF DEPOSITS**

At June 30, 2024 and 2023, the Center had one certificate of deposit amounting to \$100,000 and three (3) certificates of deposit amounting to \$300,000, respectively. As of June 30, 2024, the rate for the certificate of deposit was 5.05% with a maturity date of November 5, 2024. As of June 2023, the rates for the certificates of deposit range from 5.05% to 5.10% and had maturity dates of November 2023, May 2024 and November 2024.

**NOTE 13 – SUBSEQUENT EVENTS**

FASB ASC 855-10, "Subsequent Events", establishes general standards of accounting for the disclosure of events that occur after the balance sheet date but before the financial statements are issued or ready to be issued. The Center has evaluated subsequent events through October 17, 2024, which is the date the financial statements were available to be issued.