SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2023 AND 2022

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
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YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Southwest Florida Retirement Center, Inc.
dba: Village on the Isle and Subsidiary
Venice, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, 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 Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary, as of December 31, 2023 and 2022, and the consolidated results of their operations, changes in net assets, and their 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 (GAAS). 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 Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary 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 Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated 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 Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary'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 Southwest Florida Retirement Center, Inc. dba: Village on the Isle and Subsidiary'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.

Board of Trustees
Southwest Florida Retirement Center, Inc.
dba: Village on the Isle and Subsidiary

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 27 to 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
April 5, 2024

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,418,640	$ 1,683,849
Accounts Receivable, Net of Allowance for Credit Losses of $63,114 and $64,800, respectively.	625,032	1,086,892
Other Receivables	666,914	392,281
Current Portion of Assets Limited as to Use	4,541,968	4,471,597
Prepaid Expenses and Other Current Assets	418,607	730,933
Total Current Assets	7,671,161	8,365,552
INVESTMENTS	24,602,427	20,922,909
ASSETS LIMITED AS TO USE, NET OF CURRENT PORTION	14,750,356	13,744,497
PROPERTY AND EQUIPMENT, NET	121,754,023	120,305,328
OTHER ASSETS	555,522	538,243
Total Assets	$ 169,333,489	$ 163,876,529
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 425,989	$ 409,363
Accrued Expenses and Other Current Liabilities	1,324,057	1,867,392
Accrued Interest	2,450,751	2,499,380
Current Portion of Refundable Entrance Fees	112,433	-
Current Portion of Long-Term Debt	2,040,000	1,945,000
Wait List and Other Deposits	441,267	366,737
Total Current Liabilities	6,794,497	7,087,872
LONG-TERM DEBT, NET OF CURRENT PORTION	102,279,377	104,796,329
REFUNDABLE ENTRANCE FEES	1,454,750	1,871,250
DEFERRED REVENUE FROM ENTRANCE FEES	46,625,267	44,872,265
Total Liabilities	157,153,891	158,627,716
NET ASSETS		
Without Donor Restrictions	12,024,389	5,101,213
With Donor Restrictions	155,209	147,600
Total Net Assets	12,179,598	5,248,813
Total Liabilities and Net Assets	$ 169,333,489	$ 163,876,529

See accompanying Notes to Consolidated Financial Statements.

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
REVENUES, GAINS, AND OTHER SUPPORT		
Resident Service Fees	$ 15,226,367	$ 14,578,000
Healthcare Services	7,537,054	7,598,242
Amortization of Earned Entrance Fees	6,832,492	6,258,910
Contributions	651,080	438,089
Investment Income and Realized Gains, Net	1,308,434	888,617
Net Assets Released from Restrictions	315,739	387,153
Other	5,144,091	1,856,982
Total Revenues, Gains, and Other Support	37,015,257	32,005,993
EXPENSES		
Resident Services	18,171,711	17,080,471
General and Administrative	2,526,619	3,271,603
Insurance	1,409,273	1,159,308
Property Taxes	664,285	581,739
Interest	4,424,544	4,521,992
Depreciation and Amortization	5,140,954	5,235,766
Hurricane Loss	-	450,093
Total Expenses	32,337,386	32,300,972
OPERATING INCOME (LOSS)	4,677,871	(294,979)
NONOPERATING INCOME (LOSSES)		
Contributions to Others	(29,376)	(23,739)
Change in Net Unrealized Gains (Losses) on Investments	2,274,681	(5,458,735)
Total Nonoperating Income (Losses)	2,245,305	(5,482,474)
EXCESS (DEFICIENCY) OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES AND NONOPERATING INCOME (LOSSES)	6,923,176	(5,777,453)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	323,348	337,789
Net Assets Released from Restrictions	(315,739)	(387,153)
Change in Net Assets With Donor Restrictions	7,609	(49,364)
CHANGE IN NET ASSETS	6,930,785	(5,826,817)
Net Assets - Beginning of Year	5,248,813	11,075,630
NET ASSETS - END OF YEAR	$ 12,179,598	$ 5,248,813

See accompanying Notes to Consolidated Financial Statements.

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 6,930,785	$ (5,826,817)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Unrealized (Gains) Losses on Investments	(2,274,681)	5,458,735
Net Realized (Gains) on Sale of Investments	(230,589)	(468,503)
Provisions for Credit Losses	68,255	25,392
Loss on Disposal of Assets	21,840	-
Depreciation and Amortization	5,140,954	5,235,766
Amortization of Deferred Financing Costs	124,356	159,382
Amortization of Bond Premium	(601,308)	(636,146)
Earned Entrance Fees	(6,832,492)	(6,258,910)
Entrance Fees Received - Turnover	8,468,516	9,306,187
Changes in Operating Assets and Liabilities:		
Accounts Receivable	393,605	110,611
Prepaid Expenses and Other Current Assets	312,326	48,446
Other Assets	(95,250)	(1,539)
Other Receivables	391,787	233,268
Accounts Payable	16,626	(153,162)
Accrued Expenses and Other Liabilities	(543,335)	874,528
Accrued Interest	(48,629)	(46,244)
Wait List and Other Deposits	74,530	140,007
Net Cash Provided by Operating Activities	11,317,296	8,201,001
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment, Net	(6,533,518)	(5,955,504)
Net Change in Investments and Assets Limited as to Use	(2,250,478)	271,881
Net Cash Used by Investing Activities	(8,783,996)	(5,683,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(1,945,000)	(1,850,000)
Entrance Fees Refunded	(853,509)	(640,005)
Net Cash Used by Financing Activities	(2,798,509)	(2,490,005)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(265,209)	27,373
Cash and Cash Equivalents - Beginning of Year	1,683,849	1,656,476
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,418,640	$ 1,683,849

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION

Organization

Southwest Florida Retirement Center, Inc. dba: Village on the Isle (the Village), was incorporated on January 24, 1979, as a Florida nonprofit corporation. The Village's purpose is to provide housing, healthcare, and other related services to the elderly, primarily through the operation of a retirement community. The Village's community consists of 237 independent living units, 64 assisted living units, and a 64-bed licensed skilled nursing facility.

The Village on the Isle Foundation, Inc. (the Foundation) was incorporated on August 20, 2003, as a Florida nonprofit corporation. The Foundation is related to the Village by common board membership and is organized to raise funds exclusively for and to support the programs of the Village and its residents. The Village has the authority to direct the distribution of the Foundation's assets.

The Village operates "continuing care" under the provisions of State Statutes Chapter 651, in which residents enter into a Residence and Services Contract (the Contract), which requires payment of a one-time entrance fee and monthly service fees. Generally, these payments entitle residents to the use and privileges of the Village for life, including a discounted rate on health services in the Village's health centers. The Contract does not entitle the residents to an interest in the real estate or other property owned by the Village. Additionally, the Village has several rental agreements for terms not exceeding one year; but no longer offers new rental agreements for independent living.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenditures during the fiscal year. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Village and the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated from these consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with a maturity of three months or less from date of purchase to be cash equivalents, excluding cash and cash equivalents included in assets limited as to use and investments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Accounts Receivable

Accounts receivable from residents, insurance companies, and governmental agencies are based on net charges. An allowance for credit losses is provided based upon the review of outstanding receivables, historical collection information, and existing economic conditions. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. As of December 31, 2023 and 2022, the allowance for credit losses was approximately $63,000 and $65,000, respectively.

Entrance Fee Receivable

The Village has a program to finance entrance fees for certain residents. The notes receivable are issued and payable at the earlier of three months or the sale of the resident's home. The notes bear no interest prior to the maturity date and 12% per annum after the maturity date and are generally unsecured. Entrance fee receivable amounted to $666,420 and $-0- as of December 31, 2023 and 2022, and are included with other receivables in the accompanying consolidated balance sheets. $666,420 of the entrance fees receivable were collected subsequent to December 31, 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance Indicator

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues, gains and other support over expenses and nonoperating gains (losses), which is analogous to income from continuing operations of a for-profit enterprise. Changes in net assets without donor restrictions which are excluded from the performance indicator, consistent with industry practice, include net asset transfers between related parties, cumulative change in accounting principle, and use of facilities to current residents, and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

Investments and Assets Limited as to Use

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income (including realized gains and losses on investments, interest, and dividends) is included in operating income (loss) unless restricted by donor or law. Unrealized gains and losses on investments and assets limited as to use are excluded from operating income.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible changes in the fair value of investments will occur in the near term and that such changes could be material.

Assets limited as to use include cash and investments held by trustees under indenture agreements, assets held in escrow, assets set aside by the board for specific purposes, and assets set aside for the minimum liquid reserve requirements of the state of Florida. Amounts required to meet current liabilities of the Village have been reclassified in the consolidated balance sheets at December 31, 2023 and 2022.

Property and Equipment

Property and equipment are recorded at cost. Additions, renewals, and betterments that extend the life of an asset are capitalized. Donated property is recorded at its estimated fair value on the date of receipt. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Land Improvements	15 to 20 Years
Buildings and Improvements	15 to 40 Years
Furniture and Equipment	5 to 20 Years
Vehicles	7 Years

Deferred Financing Costs

Deferred financing costs are amortized using the effective interest method over the terms of the related financing agreement. Amortization expense was approximately $124,000 and $159,000 for the years ended December 31, 2023 and 2022, respectively. Unamortized deferred financing costs as of December 31, 2023 and 2022, was approximately $1,844,000 and $1,969,000, respectively, and are included in the noncurrent portion of long term debt in the accompanying consolidated balance sheets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated Obligation to Provide Future Services and Use of Facilities

The Village annually reviews the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees; a liability is recorded (obligation to provide future services). No additional liability has been recorded at December 31, 2023 and 2022, because the present value of the net cost of future services and use of facilities is less than deferred revenue from entrance fees.

Charity Care

The Village has estimated its direct and indirect costs of providing charity care under its financial assistance policy. In order to estimate the cost or providing such care, management calculated a cost-to-charge ratio by comparing the average cost of services provided in 2023 and 2022 to the Village's gross bill rate. The cost-to-charge ratio is applied to the charity care charges foregone to calculate the estimated direct and indirect cost of providing charity care. Using this methodology, the Village has estimated the costs of services and supplies furnished under their financial assistance policy aggregated approximately $130,000 and $107,000 for the years ended December 31, 2023 and 2022, respectively.

Fair Value Measurements

Fair value measurements apply to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUE

Income Taxes

The Village and Foundation are nonprofit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

The Village and Foundation's income tax returns are subject to review and examination by federal, state, and local authorities. Management is not aware of any activities that would jeopardize its tax-exempt status.

Adoption of New Accounting Standards

The Village has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13*, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Village adopted this guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Village's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 5, 2024, the date the consolidated financial statements were available to be issued.

NOTE 3 REVENUE RECOGNITION

Resident service fees and healthcare services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that 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. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or independent living and assistant living residents receiving services in the facility.

NOTE 3 REVENUE RECOGNITION (CONTINUED)

The Organization considers daily services provided to residents of the skilled nursing facility, and monthly service fees for independent and assisted living services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) 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 Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

Resident Service Fees

Resident service fees paid by residents for independent and assisted living occupancy rights, maintenance, meals, nursing supplies, security, transportation, and other services are assessed monthly and are recognized as revenue in the period services are rendered.

Health Care Services

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

The Organization's licensed nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The nursing facility is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services. Revenue for services rendered to Medicare program beneficiaries are based on prospectively determined case-mix rates. The Medicare program Patient Driven Payment Model (PDPM) classifies patients into payment groups based on clinically relevant factors using diagnosis codes derived from patients' conditions and care needs.

NOTE 3 REVENUE RECOGNITION (CONTINUED)

Health Care Services (Continued)

The Organization’s licensed nursing facility participates in the Medicaid program which is administered by the Florida Agency for Health Care Administration. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined daily rates based, in part, on reasonable costs, as defined and limited by the Medicaid program. Effective October 1, 2018, the Florida Medicaid program began the transition to a prospective payment system (PPS). The PPS system will pay a fixed reimbursement rate based on a median of costs of all providers in a geographical area adjusted for quality metrics and other factors. The current regulations provide for a three-year transition period in which providers will receive the higher of their published September 1, 2016 rate (hold-harmless rate) or the annually calculated PPS reimbursement rate or 95% of their hold-harmless rate during the period from October 1, 2021 through September 30, 2023. The Organization has been receiving the PPS reimbursement rate.

All providers participating in the Medicare and Medicaid programs are required to meet certain financial cost reporting requirements. Federal and state regulations generally require the submission of annual cost reports covering revenues, costs, and expenses associated with the services provided to Medicare beneficiaries and Medicaid recipients. Annual cost reports are subject to routine audits and retroactive adjustments. These audits often require several years to reach the final determination of amounts due to, or by, the Organization under these programs.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlement are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a chance in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the Resident’s ability to pay are recorded as bad debt expense.

NOTE 3 REVENUE RECOGNITION (CONTINUED)

Health Care Services (Continued)

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service line, method of reimbursement, and timing of when revenue is recognized. All resident services revenue for the Organization is provided at the single campus located in Venice, Florida. The method of reimbursement is prospective payments and the timing of revenue recognition is health care services transferred over time.

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue
Balance as of January 1, 2022	$ 1,222,895	$ 41,886,305
Balance as of December 31, 2022	1,086,892	44,872,265
Balance as of December 31, 2023	625,032	46,625,267

The composition of resident services fees and healthcare services revenue by primary payor for the years ended December 31, is as follows:

	2023	2022
Private Pay	83 %	83 %
Medicare	13	12
Medicaid	3	4
Other Insurance	1	1
Total	100 %	100 %

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of resident service fees and healthcare service revenue based on the Organization's lines of business for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Skilled Nursing Facility	$ 7,537,054	$ 7,598,242
Assisted Living	3,467,653	3,413,216
Independent Living	18,591,206	17,423,694
Total	$ 29,595,913	$ 28,435,152

NOTE 3 REVENUE RECOGNITION (CONTINUED)

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

The Organization has elected to apply the practical expedient provided by FASB ASC 340-40-25-4, and expense as incurred the incremental customer contract acquisition costs for contracts in which the amortization period of the asset that the Organization otherwise would have recognized is one year or less. However, incremental costs incurred to obtain customer contracts for which the amortization period of the asset that the Organization otherwise would have recognized is longer than one year are capitalized and amortized over the life of the contract based on the pattern of revenue recognition from these contracts. The Organization regularly considers whether the unamortized contract acquisition costs are impaired if they are not recoverable under the contract. During the years ended December 31, 2023 and 2022, the Organization recognized amortization expense of $77,971 and $62,286, respectively. At December 31, 2023 and 2022, the unamortized customer contract acquisition costs are $524,001 and $508,222, respectively, and are presented in other assets on the accompanying consolidated balance sheets.

Entrance Fees

The Village offers four types of entrance fee contracts, all of which may be canceled by residents at any time for any reason. All contracts allow the Village to retain a 4% administrative fee, plus 2% of the entrance fee per month for each month of residency. The modified life care, life care, and fee for service plan contracts refunds a portion of the entrance fee if terminated within 48 months of settlement. The amount refunded equals the entrance fee, less a pro rata charge for each month of residency. The choice plan contract and the other outstanding 50% refundable contracts refunds one-half of the entrance fee to the resident upon death or termination of the contract and a portion of the remaining entrance fee is refunded if the contract is terminated within 23 months of settlement. The 50% refundable amount of the entrance fee is recorded as a liability, "refundable entrance fees," and is not amortized to income.

Entrance fees from the modified life care, life care and fee for service plan contracts and amounts in excess of the refundable portion of the 50% refundable contracts are recorded as "deferred revenue from entrance fees" and are amortized to income over future periods based on the estimated life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual, or joint and last survivor life expectancy of each pair of residents occupying the same unit.

NOTE 3 REVENUE RECOGNITION (CONTINUED)

Entrance Fees (Continued)
In the event of a resident or surviving resident's death, or the termination of the Contract, the obligations of the Village are considered fulfilled, and the unamortized portion of the entrance fee is recognized as revenue.

Total contractual refund obligations, assuming all contracts were terminated at December 31, 2023 and 2022, were $18,139,031 and $20,763,773, respectively.

Entrance fee deposits represent amounts paid by prospective residents who have signed a reservation agreement to reserve a specific living unit or have paid a deposit to be placed on a waiting list. Generally, a refundable deposit of $1,000 is collected when the future residency agreement is signed. Further, when the Reservation Agreement is signed, a down payment of 10% is collected.

The balance of the fee is payable at the time of occupancy. Prospective residents may cancel their agreements at any time prior to occupancy and generally receive a refund of the entrance fee, less a 4% administrative fee. As of December 31, 2023 and 2022, the Village had approximately $152,000 and $140,000 in wait-list deposits and approximately $279,000 and $216,000 in entrance fee deposits, respectively, and is included in Wait List and Other Deposits in the accompanying consolidated balance sheets.

NOTE 4 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31:

	2023	2022
Cash and Cash Equivalents	$ 1,418,640	$ 1,683,849
Accounts Receivables	625,032	1,086,892
Other Receivables	666,914	392,281
Investments	24,602,427	20,922,909
Current Portion of Assets Limited as to Use	4,541,968	4,471,597
Assets Limited as to Use, Board Designated	1,266,949	1,062,004
Total	$ 33,121,930	$ 29,619,532

The Organization has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Organization has other assets limited to use for donor-restricted purposes, assets held by trustees under indenture agreements, assets held in escrow, assets set aside by the board for specific purposes and assets set aside for the minimum liquid reserve requirements of the state of Florida. These assets limited to use, which are more fully described in Note 5 are not available for general expenditure within the next year and are not reflected in the amounts above.

NOTE 4 LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE

An analysis of the composition and market values of investments and assets limited as to use as of December 31 is as follows:

	2023	2022
Cash and Cash Equivalents	$ 8,898,633	$ 8,517,966
Accrued Interest	129,453	105,478
Mutual Funds	4,608,959	2,285,215
Equities	9,178,394	8,848,302
U.S. Government and Agency Obligations	13,079,602	9,807,398
Corporate Bonds	7,999,710	9,574,644
Total	$ 43,894,751	$ 39,139,003

Assets limited as to use by limitation as of December 31 are as follows:

Fund	Purpose	2023	2022
Assets Limited by Provisions of The Master Trust Indenture:			
Bond Fund	Pays Bond Principal, Interest and COI	$ 4,541,969	$ 4,471,597
Reserve Fund "Debt Service Reserve"	Reserved for the Payment of the Principal and Interest on the Bonds	7,189,377	7,070,051
Total		$ 11,731,346	$ 11,541,648
Other Assets Limited as to Use:			
Resident Assistance Fund, Scholarship Fund, and Staff Development Fund	Donor Restricted	$ 155,209	$ 147,600
Minimum Liquid Reserve	Statutorily Restricted	5,582,950	5,319,589
Resident Deposit Escrow Funds	Statutorily Restricted	555,870	145,253
Village and Foundation	Board Designated for Memory Care and Operational Programs	1,266,949	1,062,004
Subtotal		19,292,324	18,216,094
Less: Current Portion		(4,541,968)	(4,471,597)
Total		$ 14,750,356	$ 13,744,497

NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

The components of investment income and change in unrealized gains and losses on investments for the years ended December 31 are as follows:

	2023	2022
Included in Changes in Net Assets Without Donor Restrictions:		
Interest, Dividends and Realized Gains, net	$ 1,308,434	$ 888,617
Change in Net Unrealized Gains (Losses) on Investments	2,274,681	(5,458,735)
Total Investment Income (Loss)	$ 3,583,115	$ (4,570,118)

NOTE 6 FAIR VALUE MEASUREMENT

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 2 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of financial assets of the Organization measured at fair value on a recurring basis as of December 31, 2023 and 2022, (except for cash and cash equivalents and accrued interest which are presented at cost):

	Fair Value Measurements December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 4,608,959	$ -	$ -	$ 4,608,959
Equities	9,178,394	-	-	9,178,394
U.S. Government and Agency Obligations	-	13,079,602	-	13,079,602
Corporate Bonds	-	7,999,710	-	7,999,710
Total	$ 13,787,353	$ 21,079,312	$ -	$ 34,866,665

	Fair Value Measurements December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 2,285,215	$ -	$ -	$ 2,285,215
Equities	8,848,302	-	-	8,848,302
U.S. Government and Agency Obligations	-	9,807,398	-	9,807,398
Corporate Bonds	-	9,574,644	-	9,574,644
Total	$ 11,133,517	$ 19,382,042	$ -	$ 30,515,559

NOTE 6 FAIR VALUE MEASUREMENT (CONTINUED)

Valuation Techniques

Securities included in Level 1 were valued using readily available market quotations in active markets. Securities in Level 2 were valued using independent pricing providers who employ matrix pricing models utilizing market prices, broker quotes and prices of securities with comparable maturities and qualities. The fair values of money market funds were determined through the use of quoted market prices, or $1, which is generally the net asset value of these funds. The Village does not have any securities that are valued using Level 3 inputs.

Other Financial Instruments

The fair value of certain of the Village's financial instruments that are not measured at fair value, including cash, patient accounts receivable, and accounts payable approximated the carrying amount because of the short-term nature of these instruments. The fair value of the Village's debt is based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
Land and Improvements	$ 3,816,336	$ 3,798,177
Buildings and Improvements	128,737,389	127,538,667
Furniture and Equipment	32,733,690	31,817,296
Vehicles	718,565	718,565
Subtotal	166,005,980	163,872,705
Less: Accumulated Depreciation	(45,161,621)	(44,813,376)
Subtotal	120,844,359	119,059,329
Construction in Progress	909,664	1,245,999
Property and Equipment, Net	$ 121,754,023	$ 120,305,328

Construction in progress consists primarily of costs associated with independent living apartment remodels, campus Master Plan design costs, and other improvements. Depreciation expense for the years ended December 31, 2023 and 2022, approximated $5,063,000 and $5,173,000, respectively.

NOTE 8 LONG-TERM DEBT

In November 2016, the Village issued $33,190,000 in Sarasota County Health Facilities Authority Refunding Revenue Bonds (the Series 2016 Bonds) at par value. Proceeds from the sale of the Series 2016 Bonds were used to advance refund the Series 2007 Bonds as well as fund additional proceeds for the increase in the debt service reserve, fund the cost of issuance of the Series 2016 Bonds and fund approximately $10,000,000 in project funds for campus renovations.

NOTE 8 LONG-TERM DEBT (CONTINUED)

In December 2017, the Village issued $58,385,000 in Sarasota County Health Facilities Authority Retirement Facility Revenue Improvement Bonds (the Series 2017A Bonds) at par value and $13,250,00 in Sarasota County Health Facilities Authority Retirement Facility Revenue Improvement Bonds (the Series 2017B Bonds) at par value. Proceeds from the sale of the Series 2017A and 2017B Bonds were used to fund additional proceeds for the increase in the debt service reserve, fund the cost of issuance on the Series 2017A Bonds, and fund approximately $67,000,000 in project funds for the construction and equipping of expansion and improvements to the Village's independent living units, assisted living units, healthcare facility and other common facility spaces. The Series 2017B Bonds were issued as temporary debt which is subject to pay off with the initial proceeds of the new independent living buildings entrance fees. The 2017B bonds were paid off in 2019 from these entrance fees.

In December 2019, the Village issued $17,330,000 in The City of Venice, Florida Retirement Community Revenue Improvement Bonds (the Series 2019 Bonds) at par value. Proceeds from the sale of the Series 2019 Bonds were used to fund and reimburse for the costs of acquisition, construction and equipping of various capital improvements to the Village's existing facility including renovations to its assisted living facilities, existing independent living apartments, recreational facilities, and other common areas, fund the cost of issuance on the Series 2019 Bonds, and fund a debt service reserve for the Bonds.

A summary of the Village's long-term debt at December 31 is as follows:

Description	2023	2022
Series 2019 Bonds, interest due semi-annually on January 1 and July 1, with a fixed rate of 5.00%, principal due in varying installments through 2052.	$ 17,330,000	$ 17,330,000
Plus: Premium on Series 2019 Bonds	1,742,643	1,803,243
Series 2017A Bonds, interest due semi-annually on January 1 and July 1, with fixed rates ranging from 3.75% to 5.00%, principal due in varying installments through 2052.	58,385,000	58,385,000
Plus: Premium on Series 2017 Bonds	4,658,065	4,813,897
Series 2016 Bonds, interest due semi-annually on January 1 and July 1, with fixed rates ranging from 2.0% to 5.00%, principal due in varying installments through 2032.	22,490,000	24,435,000
Plus: Premium on Series 2016 Bonds	1,558,009	1,942,885
Total Debt Outstanding	106,163,717	108,710,025
Less: Current Portion	(2,040,000)	(1,945,000)
Less: Unamortized Deferred Financing Costs	(1,844,340)	(1,968,696)
Total Long-Term Debt	$ 102,279,377	$ 104,796,329

NOTE 8 LONG-TERM DEBT (CONTINUED)

Scheduled maturities for the Series 2016, Series 2017A, and Series 2019 Bonds are as follows:

Year Ending December 31,	Amount
2024	$ 2,040,000
2025	2,145,000
2026	2,250,000
2027	2,360,000
2028	2,475,000
Thereafter	86,935,000
Total	$ 98,205,000

The Series 2016, Series 2017 A, and Series 2019 Bonds are secured under the master trust indenture by a lien on and security interest in the mortgage property and a security interest in the gross revenues and certain funds as outlined in the master trust indenture.

The Series 2016, Series 2017 A, and Series 2019 Bonds were issued pursuant to a Master Indenture which provides, among other things, that the Village maintain certain minimum financial ratios. The Village is not aware of any violations of the covenants at December 31, 2023.

Cash paid for interest was $4,646,453 and $4,947,404 for the years ended December 31, 2023 and 2022, respectively.

In April 2024, the Village entered into a term-loan agreement for $4,500,000 with a financial institution for a term of sixty months to finance pre-construction costs. The agreement bears interest at a variable rate equal to thirty-day SOFR plus 2.05%. Interest only payments are due monthly for the initial eighteen months and principal and interest payments are due monthly for the following forty-two months. This loan is considered on parity with the Series 2016, Series 2017 A, and Series 2019 bonds under the mater trust indenture.

NOTE 9 EMPLOYEE BENEFIT PLANS

The Village established a 403(b) Tax Sheltered Annuity Plan (the Plan) for the benefit of its employees in June 2004. All full-time employees are eligible to participate in the Plan. The Village matches 50% of employees' contributions up to $1,500 for each participating employee with two years of employment. The Village contributed approximately $114,000 and $103,000 to the Plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Professional Liability Insurance

The Village maintains a general liability policy, with a commercial insurance company, with coverage limits of $1,000,000 per occurrence and $3,000,000 in aggregate each year.

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Village is subject to asserted and unasserted claims encountered in the normal course of business. The Village's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Village or unasserted claims that may result in such proceedings, the Village's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Village's financial condition or results of operations.

Health Care

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient care, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Minimum Liquid Reserve

The Village is required by Florida Statute (the Statute) to maintain an amount equal to one year's debt service, property taxes, and insurance in an escrow account. In addition, an operating reserve is required in an amount equal to 15% of the average annual operating expenses, as defined by the Statute, for the preceding three years. The Village is also required to maintain in escrow a renewal and replacement reserve equal to 15% of total accumulated depreciation, but not to exceed 15% of the three-year average annual total operating expenses, as defined by the Statute. Collectively, these reserves are referred to as a Minimum Liquid Reserve (MLR). The Village was in compliance with the MLR requirement at December 31, 2023 and 2022.

NOTE 11 NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions of the Organization have been designated for the following purposes as of December 31:

	2023	2022
Designated by the Board for Operational Programs	$ 1,266,949	$ 1,062,004
Undesignated	10,757,440	4,039,209
Total	$ 12,024,389	$ 5,101,213

Assets in these designated funds are invested within investments of the Village, as described in Note 5.

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Resident Scholarship	$ 134,293	$ 121,516
Resident Gratuity	20,916	26,084
Total Net Assets With Donor Restrictions	$ 155,209	$ 147,600

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2023	2022
Satisfaction of Purpose Restrictions:		
Resident Scholarship	$ 24,068	$ 17,858
Resident Gratuity & Other	291,671	369,295
Total Net Assets Released from Donor Restrictions	$ 315,739	$ 387,153

NOTE 12 CREDIT RISK

The Organization maintains its cash and cash equivalents, investments, and assets limited as to use, in bank deposit accounts that may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 12 CREDIT RISK (CONTINUED)

The Organization grants credit without collateral to its residents, most of whom are local individuals and are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows at December 31:

	2023	2022
Medicare	58 %	62 %
Medicaid	12	12
Residents and Other Third-Party Payors	30	26
Total	100 %	100 %

NOTE 13 FUNCTIONAL EXPENSES

The tables below present consolidated expenses by both their nature and function for the years ended December 31, 2023 and 2022.

	Program Services	Supporting Services	
December 31, 2023	Senior Living Services	Management and General	Total
Salaries	$ 10,019,772	$ 1,512,529	$ 11,532,301
Payroll Taxes and Fringe Benefits	1,877,830	357,737	2,235,567
Contract Services and Labor	1,752,269	162,647	1,914,916
Professional Fees	4,623	211,754	216,377
Dues, Publications, and Subscriptions	39,299	8,481	47,780
Travel	7,668	30,299	37,967
Medical/Dental Supplies	417,523	-	417,523
Office Supplies	12,662	11,674	24,336
Printing	192	178,607	178,799
Equipment Lease and Maintenance	321,379	-	321,379
Postage	94	6,794	6,888
Telephone	41,519	456	41,975
Insurance	1,365,617	43,656	1,409,273
Interest and Banking Fees	4,424,544	45,582	4,470,126
Property Taxes	659,198	5,087	664,285
Depreciation and Amortization	5,095,173	45,781	5,140,954
Miscellaneous	3,450,728	226,212	3,676,940
Total Expenses	$ 29,490,090	$ 2,847,296	$ 32,337,386

NOTE 13 FUNCTIONAL EXPENSES (CONTINUED)

	Program Services	Supporting Services	
December 31, 2022	Senior Living Services	Management and General	Total
Salaries	$ 9,169,643	$ 1,706,044	$ 10,875,687
Payroll Taxes and Fringe Benefits	1,828,610	357,737	2,186,347
Contract Services and Labor	1,641,961	136,572	1,778,533
Professional Fees	18,727	795,893	814,620
Dues, Publications, and Subscriptions	43,496	8,586	52,082
Travel	7,632	27,628	35,260
Medical/Dental Supplies	520,247	-	520,247
Office Supplies	13,958	17,620	31,578
Printing	158	200,866	201,024
Equipment Lease and Maintenance	710,587	-	710,587
Postage	198	5,841	6,039
Telephone	51,650	456	52,106
Insurance	1,109,282	50,026	1,159,308
Interest and Banking Fees	4,521,992	28,635	4,550,627
Property Taxes	576,652	5,087	581,739
Depreciation and Amortization	5,189,985	45,781	5,235,766
Miscellaneous	3,328,443	180,979	3,509,422
Total Expenses	$ 28,733,221	$ 3,567,751	$ 32,300,972

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include telephone, property taxes, depreciation, and amortization, which are allocated on a square footage basis, as well as certain insurances which are allocated on the basis full time equivalents. Fundraising expenses were not significant for the years ended December 31, 2023 and 2022; therefore, any such expenses are included in Management and Administrative in the above table.

NOTE 14 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. The CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

NOTE 14 EMPLOYEE RETENTION CREDIT (CONTINUED)

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. In 2023, the Village received combined ERC credits of approximately $4,100,000 for the quarters ended March 31, 2021, June 30, 2021, and September 30, 2021. During the year ended December 31, 2023, the Village determined it met the compliance requirements and conditions of the ERC program and recognized approximately $3,700,000 in other operating revenue in the accompany consolidated statements of operations and changes in net assets. There is a possibility that upon subsequent review the Internal Revenue Service could reach a different conclusion regarding the Village’s eligibility to retain the ERC credits received. That could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty; however, management believes that any review will not have a material adverse impact on the Village’s financial position.

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Village on the Isle	Village on the Isle Foundation	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 1,418,640	$ -	$ -	$ 1,418,640
Accounts Receivable, Net of Allowance for Credit Losses of $63,144	625,032	-	-	625,032
Other Receivables	666,914	-	-	666,914
Current Portion of Assets Limited as to Use	4,541,968	-	-	4,541,968
Prepaid Expenses and Other Current Assets	416,441	2,166	-	418,607
Total Current Assets	7,668,995	2,166	-	7,671,161
INVESTMENTS	24,602,427	-	-	24,602,427
ASSETS LIMITED AS TO USE, NET OF CURRENT PORTION	13,483,407	1,266,949	-	14,750,356
PROPERTY AND EQUIPMENT, NET	121,754,023	-	-	121,754,023
OTHER ASSETS	555,522	-	-	555,522
Total Assets	$ 168,064,374	$ 1,269,115	$ -	$ 169,333,489
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 425,989	$ -	$ -	$ 425,989
Accrued Expenses and Other Current Liabilities	1,324,057	-	-	1,324,057
Accrued Interest	2,450,751	-	-	2,450,751
Current Portion of Refundable Entrance Fees	112,433	-	-	112,433
Current Portion of Long-Term Debt	2,040,000	-	-	2,040,000
Wait List and Other Deposits	441,267	-	-	441,267
Total Current Liabilities	6,794,497	-	-	6,794,497
LONG-TERM DEBT, NET OF CURRENT PORTION	102,279,377	-	-	102,279,377
REFUNDABLE ENTRANCE FEES	1,454,750	-	-	1,454,750
DEFERRED REVENUE FROM ENTRANCE FEES	46,625,267	-	-	46,625,267
Total Liabilities	157,153,891	-	-	157,153,891
NET ASSETS				
Without Donor Restrictions	10,755,274	1,269,115	-	12,024,389
With Donor Restrictions	155,209	-	-	155,209
Total Net Assets	10,910,483	1,269,115	-	12,179,598
Total Liabilities and Net Assets	$ 168,064,374	$ 1,269,115	$ -	$ 169,333,489

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Village on the Isle	Village on the Isle Foundation	Eliminations	Consolidated
REVENUES, GAINS, AND OTHER SUPPORT				
Resident Service Fees	$ 15,226,367	$ -	$ -	$ 15,226,367
Healthcare Services	7,537,054	-	-	7,537,054
Amortization of Earned Entrance Fees	6,832,492	-	-	6,832,492
Contributions	547,083	203,997	(100,000)	651,080
Investment Income and Realized Gains, Net	1,281,107	27,327	-	1,308,434
Net Assets Released from Restrictions	315,739	-	-	315,739
Other	5,144,091	-	-	5,144,091
Total Revenues, Gains, and Other Support	36,883,933	231,324	(100,000)	37,015,257
EXPENSES				
Resident Services	18,149,904	21,807	-	18,171,711
General and Administrative	2,517,077	9,542	-	2,526,619
Insurance	1,409,273	-	-	1,409,273
Property Taxes	664,285	-	-	664,285
Interest	4,424,544	-	-	4,424,544
Depreciation and Amortization	5,140,954	-	-	5,140,954
Total Expenses	32,306,037	31,349	-	32,337,386
OPERATING INCOME	4,577,896	199,975	(100,000)	4,677,871
NONOPERATING INCOME				
Contributions to Others	(29,376)	(100,000)	100,000	(29,376)
Change in Net Unrealized Gains on Investments	2,169,744	104,937	-	2,274,681
Total Nonoperating Gains (Losses)	2,140,368	4,937	100,000	2,245,305
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES AND NONOPERATING INCOME	6,718,264	204,912	-	6,923,176
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	323,348	-	-	323,348
Net Assets Released from Restrictions	(315,739)	-	-	(315,739)
Change in Net Assets With Donor Restrictions	7,609	-	-	7,609
CHANGE IN NET ASSETS	6,725,873	204,912	-	6,930,785
Net Assets - Beginning of Year	4,184,610	1,064,203	-	5,248,813
NET ASSETS - END OF YEAR	$ 10,910,483	$ 1,269,115	$ -	$ 12,179,598

SOUTHWEST FLORIDA RETIREMENT CENTER, INC.
DBA: VILLAGE ON THE ISLE AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Village on the Isle	Village on the Isle Foundation	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Changes in Net Assets	$ 6,725,873	$ 204,912	$ -	$ 6,930,785
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Change in Net Unrealized (Gains) on Investments	(2,169,744)	(104,937)	-	(2,274,681)
Net Realized (Gain) on Sale of Investments	(229,476)	(1,113)	-	(230,589)
Provision for Credit Losses	68,255	-	-	68,255
Loss on Disposal of Assets	21,840	-	-	21,840
Depreciation and Amortization	5,140,954	-	-	5,140,954
Amortization of Deferred Financing Costs	124,356	-	-	124,356
Amortization of Bond Premium	(601,308)	-	-	(601,308)
Earned Entrance Fees	(6,832,492)	-	-	(6,832,492)
Entrance Fees Received - Turnover	8,468,516	-	-	8,468,516
Changes in Operating Assets and Liabilities:				
Accounts Receivable	393,605	-	-	393,605
Prepaid Expenses and Other Current Assets	312,293	33	-	312,326
Other Assets	(95,250)	-	-	(95,250)
Other Receivables	391,787	-	-	391,787
Accounts Payable	16,626	-	-	16,626
Accrued Expenses and Other Liabilities	(543,335)	-	-	(543,335)
Accrued Interest	(48,629)	-	-	(48,629)
Wait List and Other Deposits	74,530	-	-	74,530
Net Cash Provided by Operating Activities	11,218,401	98,895	-	11,317,296
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment, Net	(6,533,518)	-	-	(6,533,518)
Net Change in Investments and Assets Limited as to Use	(2,151,583)	(98,895)	-	(2,250,478)
Net Cash Used by Investing Activities	(8,685,101)	(98,895)		(8,783,996)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of Long-Term Debt	(1,945,000)	-	-	(1,945,000)
Entrance Fees Refunded	(853,509)	-	-	(853,509)
Net Cash Used by Financing Activities	(2,798,509)	-		(2,798,509)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(265,209)	-	-	(265,209)
Cash and Cash Equivalents - Beginning of Year	1,683,849	-	-	1,683,849
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,418,640	$ -	$ -	$ 1,418,640