



SHERIDAN HOUSE
ANSWERS FOR TODAY'S FAMILY

**SHERIDAN HOUSE FAMILY MINISTRIES, INC.
AND AFFILIATES**

**Consolidated Financial Statements
With Independent Auditors' Report**

December 31, 2023

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

Opinion

We have audited the accompanying consolidated financial statements of Sheridan House Family Ministries, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flow for the year 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 consolidated financial position of Sheridan House Family Ministries, Inc. and Affiliates as of December 31, 2023, and the changes in its net assets and its cash flow for the year 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Sheridan House Family Ministries, Inc. and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Sheridan House Family Ministries, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

Auditors' Responsibility 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 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 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 Sheridan House Family Ministries, Inc. and Affiliates' 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 Sheridan House Family Ministries, Inc. and Affiliates' 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.

Capin Crouse LLP

Lawrenceville, Georgia
April 17, 2024

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Financial Position

December 31, 2023

ASSETS:

Cash and cash equivalents	\$ 2,473,167
Restricted cash	2,861,839
Prepaid expenses and other assets	64,877
Property and equipment—net	17,045,896
Investments held for long-term purposes	2,359,090
Beneficial interest in trust	283,100

Total Assets \$ 25,087,969

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$ 176,427
Notes payable	1,393,228
Total liabilities	<u>1,569,655</u>

Net assets:

Without donor restrictions:

Undesignated	3,361,169
Equity in property and equipment	15,652,668
	<u>19,013,837</u>

With donor restrictions:

Restricted by purpose or time	3,867,417
Restricted in perpetuity	637,060
	<u>4,504,477</u>

Total net assets 23,518,314

Total Liabilities and Net Assets \$ 25,087,969

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUES:			
Support:			
Contributions	\$ 2,288,026	\$ 1,632,500	\$ 3,920,526
Noncash contributions	1,988,417	161,363	2,149,780
Revenue:			
Special events revenue	911,137	-	911,137
Counseling revenue	304,185	-	304,185
Interest and investment income	240,789	-	240,789
Other income	279,739	-	279,739
Total Operating Support and Revenues	6,012,293	1,793,863	7,806,156
RECLASSIFICATIONS:			
Satisfaction of purpose/time restrictions	697,572	(697,572)	-
EXPENSES:			
Program services:			
Residential care services	1,686,902	-	1,686,902
Community services	524,745	-	524,745
Single parent ministries	1,895,404	-	1,895,404
Counseling services	771,768	-	771,768
	4,878,819	-	4,878,819
Supporting activities:			
Management and general	535,214	-	535,214
Fundraising	560,967	-	560,967
Cost of Direct Benefit to Donors	181,225	-	181,225
Total Expenses	6,156,225	-	6,156,225
Change in Net Assets from Operations	553,640	1,096,291	1,649,931

(continued)

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Activities

(continued)

Year ended December 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NONOPERATING ACTIVITIES:			
Gains on investments held for long-term purposes	-	118,641	118,641
Change in value of beneficial interest in trusts	-	15,000	15,000
Change in Net Assets from Nonoperating Activities	<u>-</u>	<u>133,641</u>	<u>133,641</u>
Change in Net Assets	553,640	1,229,932	1,783,572
Net Assets, Beginning of Year	<u>18,460,197</u>	<u>3,274,545</u>	<u>21,734,742</u>
Net Assets, End of Year	<u>\$ 19,013,837</u>	<u>\$ 4,504,477</u>	<u>\$ 23,518,314</u>

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services				Supporting Activities				Total Expenses
	Residential Care Services	Community Services	Single Parent Ministries	Counseling Services	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	
Salaries, taxes, and benefits	\$ 795,137	\$ 134,937	\$ 332,894	\$ 152,408	\$ 1,415,376	\$ 281,299	\$ 226,987	\$ -	\$ 1,923,662
Facilities and occupancy	64,311	5,365	16,866	6,181	92,723	12,904	9,002	-	114,629
Depreciation	192,616	20,519	220,944	41,866	475,945	33,363	11,172	-	520,480
Insurance	90,068	14,809	43,735	17,845	166,457	57,105	23,721	-	247,283
Repairs and maintenance	66,902	6,965	107,483	12,897	194,247	29,401	6,753	-	230,401
Food and household	53,417	-	-	-	53,417	848	-	-	54,265
Education and recreation	51,971	-	-	-	51,971	-	-	-	51,971
Vehicles expenses	6,739	94	279	108	7,220	21,441	158	-	28,819
Interest expense	20,923	2,279	25,553	4,721	53,476	3,034	820	-	57,330
Technology costs	19,176	3,416	8,401	3,936	34,929	7,348	5,732	-	48,009
Gifts and entertainment	-	-	-	-	-	-	-	181,225	181,225
Cost of goods sold	-	-	-	-	-	-	6,978	-	6,978
Mailings and development fees	-	-	-	-	-	-	261,309	-	261,309
Office supplies and expense	3,982	434	4,864	898	10,178	59,334	156	-	69,668
Contract and professional services	44,071	4,952	12,821	5,794	67,638	29,137	8,179	-	104,954
Public service advertisements	275,982	204,581	298,061	273,421	1,052,045	-	-	-	1,052,045
Distributed food and clothing	1,607	126,394	823,503	251,693	1,203,197	-	-	-	1,203,197
Totals	\$ 1,686,902	\$ 524,745	\$ 1,895,404	\$ 771,768	\$ 4,878,819	\$ 535,214	\$ 560,967	\$ 181,225	\$ 6,156,225

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,783,572
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	520,480
Unrealized/realized gain on investments	(214,667)
Non-cash donations of property and equipment	(161,363)
Contributions restricted for long-term purposes	(1,632,500)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	56,249
Beneficial interest in trust	(15,000)
Accounts payable and accrued expenses	61,221
Net Cash Provided by Operating Activities	<u>397,992</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(774,868)
Purchases of investments	(2,231,775)
Proceeds from sales of investments	2,119,173
Net Cash Used by Investing Activities	<u>(887,470)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Contributions restricted for long-term purposes	1,632,500
Repayments of notes payable	(36,992)
Net Cash Provided by Financing Activities	<u>1,595,508</u>

Net Change in Cash and Cash Equivalents, and Restricted Cash 1,106,030

Cash and Cash Equivalents, and Restricted Cash, Beginning of Year 4,228,976

Cash and Cash Equivalents, and Restricted Cash, End of Year \$ 5,335,006

The following table provides a reconciliation of cash, cash equivalents, and restricted cash:

Cash and cash equivalents	\$ 2,473,167
Cash restricted for capital purposes	<u>2,861,839</u>
	<u><u>\$ 5,335,006</u></u>

See notes to consolidated financial statements

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

1. NATURE OF ORGANIZATION:

Sheridan House Family Ministries, Inc. and Affiliates (the Organization) is the consolidated financial reporting entity for Sheridan House Family Ministries, Inc. (Sheridan House Family Ministries) and its subsidiaries, Sheridan House, Inc. (Sheridan House), and 54th Court Investments, LLC (54th Court LLC).

Sheridan House Family Ministries was incorporated in 2007 as a Florida not-for-profit corporation and is exempt from federal income tax on related activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law. Sheridan House Family Ministries is classified as a publicly supported organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code.

Sheridan House Family Ministries exists to honor Christ by serving the needs of children and families. Sheridan House Family Ministries accomplishes its objectives through the following program services:

Residential care services—Our chief objective is to provide the structure and environment that allows the child to make the life changes necessary to accept responsibility for their behavior at home and school and develop essential life skills. It is also our desire to equip and educate the parents of our children so the child can graduate and re-enter the home successfully. Our deepest hope is that during this process each family member will come to know Jesus Christ as their Lord and Savior and experience the personal love that God has for each of them.

Community services—Sheridan House Family Ministries presents marriage and parenting seminars. These seminars are conducted for corporations, businesses, churches, public and private schools. We also have resources necessary to navigate marriage and parenting from a healthy, biblical perspective. Sheridan House Family Ministries provides a number of resources including marriage and parenting books, CDs and DVDs. Keeping with the times, in 2022 the Parenting classes on DVDs were made into a digital file that is accessible to those provided the resource.

Single parent ministries—Since 1992, Sheridan House Family Ministries has partnered with local churches to serve single moms in need. We believe that single moms are this generation's "widows and orphans." Whether the need is spiritual, emotional, or financial, we strive to help meet the individual single mom in her specific area of need. Specifically, we currently provide food and clothing on an ongoing basis to single moms. In an effort to better meet needs, we offer intensive group training in areas such as finances, parenting, resume preparation, and interviewing skills, as well as meal planning on a budget and more. Our goal is that through this training we can help to equip these moms with the knowledge necessary for them to succeed in life. Beginning in 2019, the ministry has also been able to provide transitional housing for single moms.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

1. NATURE OF ORGANIZATION, continued:

Counseling services—If you or someone you know is facing a life challenge, the Sheridan Family House Ministries' Counseling Center is a safe place to turn to for guidance and support. Our staff consists of Christian licensed mental health professionals. For decades, our counseling center has provided confidential and professional services to people of all walks of life. We are careful to respond to each person's needs with love, honesty, respect, and integrity. The Counseling Center offers individual, marital, and family counseling to people seeking assistance with a full range of presenting issues.

Sheridan House was incorporated in 1969 as a Florida not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Code and comparable State law. The purpose of Sheridan House is to support the ministries of Sheridan House Family Ministries. Sheridan House is classified as a publicly supported organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code. It is also classified as a Type II supporting organization under Section 509(a)(3). Control of Sheridan House by Sheridan House Family Ministries is complete because a majority of the Sheridan House board of directors are members of the Sheridan House Family Ministries board of directors.

54th Court LLC was incorporated in 2015 as a Florida limited liability company. The purpose of 54th Court LLC is to hold certain contributed funds until their ultimate disposition. Control of 54th Court LLC by Sheridan House is complete because Sheridan House is the sole voting member of 54th Court LLC. 54th Court LLC owns 5% of a certain for-profit entity, the earnings of which are contributed to a certain unrelated non-profit foundation for the benefit of the Organization. The for-profit entity is not consolidated in these consolidated financial statements due to a lack of control by the Organization. There was no activity for 54th Court LLC for the year ended December 31, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of Sheridan House Family Ministries, Sheridan House, and 54th Court LLC. All significant inter-company balances and transactions have been eliminated.

OPERATING AND NONOPERATING ACTIVITIES

The consolidated statement of activities presents the change in net assets of the Organization from operating and nonoperating activities. Operating revenues and expenses relate primarily to donations, both cash and noncash, received from the general public and payment for counseling services. Nonoperating revenues relate primarily to the change in value of the beneficial interest in trust and income from investments held for long-term purposes.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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 consist of cash held in checking, savings, certificates of deposits and other highly liquid accounts. While occasionally deposits may be in excess of federally insured limits, the Organization has not experienced any losses in such accounts. All cash held in investment brokerage accounts is considered investments for purposes of the consolidated financial statements. At December 31, 2023, the Organization's cash balances exceeded federally insured limits by \$4,579,998.

RESTRICTED CASH

Restricted cash consists of donor-restricted contributions for capital purposes.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset value or extend useful lives are capitalized. Acquisitions of property and equipment in excess of \$400 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included in the consolidated statement of activities.

INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Investment income (loss) is from investments held for long-term purposes in excess of amounts utilized for operations as defined by the Organization's spending policy. Other investments are reported at cost. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy. Investments in hedge funds have been stated at fair values based on the Organization's share of net asset values derived from the values of the underlying investments as reported by the fund managers.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

BENEFICIAL INTEREST IN TRUST

The Organization is the beneficiary of a certain irrevocable trust held and administered by independent trustees. Under the terms of the trust, the Organization has the irrevocable right to receive the remaining assets at the termination of the trust. The Organization's estimate of fair value is based on fair value information received from the trustees. These assets are not subject to the control or direction of the Organization. Gains and losses, which are not distributed by the trust, are reflected as change in value of beneficial interest in trust in the consolidated statements of activities. Distributions received from the trustee are with donor restrictions. The Organization recognizes an asset for the estimated present value of its benefits under the arrangements. Periodic adjustments are made for changes in estimated present value using applicable mortality tables and discount rates.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board of directors for use in operations. Equity in property and equipment represent amounts invested in property and equipment net of related debt.

Net assets with donor restrictions—restricted by purpose or time are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Net assets with donor restrictions—restricted in perpetuity are contributed with donor restrictions requiring that they be held in perpetuity with income used for general ministry purposes.

All contributions are considered available without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received or ownership of donated assets is transferred to the Organization.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as reclassifications.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Noncash contributions (including securities) are recorded at fair value at the date of the gift. Noncash contributions consist primarily of food and beverages donated from area grocery stores for use in the residential care services and single parent ministries programs, contributed property and equipment, and donated air-time from local radio and television stations airing public service advertisements on behalf of the Organization. Noncash contributions are valued using estimated fair value (fair value approximating estimated wholesale value estimated by the Organization using like-kind analyses), have no donor restrictions on them (except for time restrictions related to placing the contributed property and equipment in service) and are utilized substantially within the same year as the donation was made.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include certain administrative salaries and benefits, information technology, telephone, utility, and insurance expenses, all allocated based on time spent by staff in each service area. Depreciation and interest expense are allocated based on square footage.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as December 31, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities of honoring Christ by serving the needs of children and families as well as the conduct of services undertaken to support those activities to be general expenditures.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

Financial assets:	
Cash and cash equivalents	\$ 2,473,167
Restricted cash	2,861,839
Accounts receivable	3,201
Investments held for long-term purposes	2,359,090
Beneficial interest in trust	283,100
Financial assets, at year-end	<u>7,980,397</u>
Less those not available for general expenditure within one year:	
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(1,186,001)
Investments held for other long-term purposes	(1,173,089)
Restricted cash	(2,861,839)
Beneficial interest in trust	(283,100)
	<u>(5,504,029)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,476,368</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has \$12,174 in net assets with donor restrictions for various project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purpose.

4. INVESTMENTS HELD FOR LONG-TERM PURPOSES:

Investments held for long-term purposes consist of:

Held at cost:	
Cash and cash equivalents	<u>\$ 211,561</u>
Held at fair value:	
Equities	840,140
Exchange traded funds	163,639
Mutual funds	898,989
Hedge funds	244,761
	<u>2,147,529</u>
	<u>\$ 2,359,090</u>

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

5. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

Prepaid expenses	\$ 42,876
Inventories	18,800
Accounts receivable	3,201
	<hr/>
	\$ 64,877
	<hr/> <hr/>

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

Land	\$ 3,936,380
Buildings and improvements	17,732,934
Furniture, fixtures, and equipment	1,158,400
	<hr/>
	22,827,714
Less accumulated depreciation	(6,816,950)
	<hr/>
	16,010,764
Construction in progress	1,035,132
	<hr/>
Property and equipment—net	17,045,896
Less notes payable	(1,393,228)
	<hr/>
Equity in property and equipment	\$ 15,652,668
	<hr/> <hr/>

7. NOTES PAYABLE:

Notes payable consists of:

Promissory note payable to a certain financial institution with an original balance of \$6,745,699; collateralized by certain real property; bears interest at a fixed rate of 4.0%; monthly payments of principal and interest in the amount of \$7,860, with a final payment of all unpaid principal and accrued interest due at maturity in July 2031.	\$ 1,393,228
	<hr/>
	\$ 1,393,228
	<hr/> <hr/>

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

7. NOTES PAYABLE, continued:

Per the promissory note payable, the Organization is required to meet certain time covenants. As of December 31, 2023, all time covenants have been met.

Notes payable are estimated to mature as follows:

Years Ending December 31,	Amounts
2024	\$ 38,373
2025	40,118
2026	41,775
2027	43,501
2028	45,159
Thereafter	1,184,302
	\$ 1,393,228

8. NET ASSETS:

Net assets consist of:

Without donor restrictions:

Undesignated	\$ 3,361,169
Equity in property and equipment	15,652,668
	19,013,837

With donor restrictions:

Restricted by purpose or time:

Beneficial interest in trust	283,100
Capital projects	2,861,839
Construction related noncash contributions	161,363
Counseling center	12,174
Unexpended endowment earnings	548,941
	3,867,417

Restricted in perpetuity:

Endowment funds	637,060
	4,504,477
	\$ 23,518,314

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

9. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of up to 3%. For the year ended December 31, 2023, the Organization made contributions of \$32,435 to the Plan.

10. ENDOWMENT FUNDS:

The Organization's endowment consists of four donor gifts restricted for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are classified as net assets with donor restrictions.

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for purpose or time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

10. ENDOWMENT FUNDS:

Endowment net asset composition by type of fund as of December 31, 2023:

	With donor restrictions			Total funds
	Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted endowment funds	\$ 637,060	\$ 548,941	\$ 1,186,001	\$ 1,186,001

Changes in endowment net assets for the year ended December 31, 2023:

	With donor restrictions			Total funds
	Original gift amount*	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, January 1, 2023	\$ 537,060	\$ 441,212	\$ 978,272	\$ 978,272
Contributions	100,000	-	100,000	100,000
Investment return, net	-	118,641	118,641	118,641
Other	-	(10,912)	(10,912)	(10,912)
Endowment net assets, December 31, 2023	\$ 637,060	\$ 548,941	\$ 1,186,001	\$ 1,186,001

* This is the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of that nature as of December 31, 2023.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board, the endowment assets are invested with the primary objective of preservation of corpus and the secondary objective of reasonable earnings that are consistent with prudent levels of risk.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

10. ENDOWMENT FUNDS:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Organization appropriates earnings each year based upon the stated purpose and policy established for each endowment fund. The amount of the appropriation is consistent with maintaining the corpus of the endowment plus inflation as measured by the Consumer Price Index on an accrued basis. When earnings for any year are less than the amount designated for appropriation, the amount of appropriation is reduced or eliminated in order to preserve the corpus plus inflation.

11. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023:

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

11. FAIR VALUE MEASUREMENTS, continued:

	Level 1	Level 2	Level 3	Total
Investments held for long-term purposes, at fair value:				
Equities	\$ 840,140	\$ -	\$ -	\$ 840,140
Exchange traded funds	163,639	-	-	163,639
Mutual funds	898,989	-	-	898,989
	\$ 1,902,768	\$ -	\$ -	1,902,768
Investments held for long-term purposes, measured using net asset value:				
Hedge funds				244,761
Total investments held for long-term purposes, at fair value:				2,147,529
Reconciling items at cost:				
Cash and cash equivalents				211,561
Total investments held for long-term purposes				\$ 2,359,090
Beneficial interest in trust	\$ -	\$ -	\$ 283,100	\$ 283,100

The following tables provide further details of the Level 3 fair value measurements for beneficial interest in trust held by others:

Beginning balance:	\$ 268,100
Contributions of beneficial interests	-
Distributions of beneficial interests	-
Change in value of beneficial interest in trust held by others	15,000
Ending balance	\$ 283,100

Methods and assumptions used by the Organization in estimating fair values are as follows:

Valuation techniques: Fair values for mutual funds, equities, exchange-traded funds and corporate fixed income are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values of hedge funds are based on the net asset value of the underlying investments in the fund as reported by the investment custodian.

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2023

11. FAIR VALUE MEASUREMENTS, continued:

Changes in valuation techniques: None.

12. NONCASH CONTRIBUTIONS:

Noncash contributions for the year ended December 31, 2023, included in the consolidated financial statements were as follows:

Donated airtime	\$ 1,052,045
Food	640,175
Property and equipment	206,303
Supplies, toys, furniture, and clothing	215,527
Other	35,730
	<hr/>
	\$ 2,149,780
	<hr/> <hr/>

13. RELATED PARTIES:

A certain director of the Organization's board is also an owner of an HVAC company which provided services to the Organization during the year ended December 31, 2023. Total payments made to the HVAC company during the year ended December 31, 2023, were \$47,147. This relationship was approved by the board of directors.

A relative of the CEO of the Organization provided film and editing services to the Organization during the year ended December 31, 2023. Total payments made to this individual for the year ended December 31, 2023, were \$22,000. This relationship was approved by the board of directors.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 17, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Sheridan House Family Ministries, Inc. and Affiliates
Davie, Florida

We have audited the consolidated financial statements of Sheridan House Family Ministries, Inc. and Affiliates as of and for the year ended December 31, 2023, and our report thereon dated April 17, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities (the information) are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
April 17, 2024

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2023

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 1,897,309	\$ 575,858	\$ -	\$ -	\$ 2,473,167
Restricted cash	-	2,861,839	-	-	2,861,839
Prepaid expenses and other assets	64,877	1,600,000	-	(1,600,000)	64,877
Property and equipment–net	130,726	16,915,170	-	-	17,045,896
Investments held for long-term purposes	83,543	2,275,547	-	-	2,359,090
Beneficial interest in trusts	-	283,100	-	-	283,100
Total Assets	\$ 2,176,455	\$ 24,511,514	\$ -	\$ (1,600,000)	\$ 25,087,969
LIABILITIES AND NET ASSETS:					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,748,666	\$ 27,761	\$ -	\$ (1,600,000)	\$ 176,427
Notes payable	-	1,393,228	-	-	1,393,228
Total liabilities	1,748,666	1,420,989	-	(1,600,000)	1,569,655
Net assets:					
Without donor restrictions:					
Undesignated	284,889	3,076,280	-	-	3,361,169
Equity in property and equipment	130,726	15,521,942	-	-	15,652,668
	415,615	18,598,222	-	-	19,013,837
With donor restrictions:					
Restricted by purpose or time	12,174	3,855,243	-	-	3,867,417
Restricted in perpetuity	-	637,060	-	-	637,060
Total net assets	427,789	23,090,525	-	-	23,518,314
Total Liabilities and Net Assets	\$ 2,176,455	\$ 24,511,514	\$ -	\$ (1,600,000)	\$ 25,087,969

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2023

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	\$ 2,900,026	\$ 100,000	\$ -	\$ (712,000)	\$ 2,288,026
Noncash contributions	2,067,297	21,120	-	(100,000)	1,988,417
Revenue:					
Special events revenue	911,137	-	-	-	911,137
Counseling revenue	304,185	-	-	-	304,185
Rental income	-	120,000	-	(120,000)	-
Interest and investment income	41,869	198,920	-	-	240,789
Other income	279,739	-	-	-	279,739
Total Operating Support and Revenues	6,504,253	440,040	-	(932,000)	6,012,293
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	1,520	696,052	-	-	697,572

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2023

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
EXPENSES:					
Program services:					
Residential care services	1,484,631	255,071	-	(52,800)	1,686,902
Community services	499,663	27,782	-	(2,700)	524,745
Single parent ministries	1,624,387	311,517	-	(40,500)	1,895,404
Counseling services	719,620	57,548	-	(5,400)	771,768
	4,328,301	651,918	-	(101,400)	4,878,819
Supporting activities:					
Management and general	1,319,625	36,989	-	(821,400)	535,214
Fundraising	560,166	10,001	-	(9,200)	560,967
Special events	181,225	-	-	-	181,225
Total Expenses	6,389,317	698,908	-	(932,000)	6,156,225
Change in Net Assets Without Donor Restrictions from Operations	116,456	437,184	-	-	553,640

(continued)

See independent auditors' report on supplementary information

SHERIDAN HOUSE FAMILY MINISTRIES, INC. AND AFFILIATES

Consolidating Statement of Activities

Year Ended December 31, 2023

(continued)

	Sheridan House Family Ministries	Sheridan House	54th Court LLC	Eliminations	Total
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:					
OPERATING SUPPORT AND REVENUES:					
Support:					
Contributions	-	1,632,500	-	-	1,632,500
Noncash contributions	-	161,363	-	-	161,363
Total Support and Revenue	-	1,793,863	-	-	1,793,863
RECLASSIFICATIONS:					
Satisfaction of purpose restrictions	(1,520)	(696,052)	-	-	(697,572)
NONOPERATING ACTIVITIES:					
Income on investments held for long-term purposes	-	118,641	-	-	118,641
Change in value of beneficial interest in trusts	-	15,000	-	-	15,000
Change in Net Assets With Donor Restrictions from Nonoperating Activities	-	133,641	-	-	133,641
Change in Net Assets With Donor Restrictions	(1,520)	1,231,452	-	-	1,229,932
Change in Net Assets	114,936	1,668,636	-	-	1,783,572
Net Assets, Beginning of Year	312,850	21,421,892	-	-	21,734,742
Net Assets, End of Year	\$ 427,786	\$ 23,090,528	\$ -	\$ -	\$ 23,518,314

See independent auditors' report on supplementary information