



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



Independent Auditor's Report

Board of Directors
Institute for Exceptional Care
Washington, DC

Opinion

We have audited the accompanying financial statements of Institute for Exceptional Care (the Institute), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Exceptional Care as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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.

Bethesda, Maryland
July 8, 2023


Certified Public Accountants

Institute for Exceptional Care

**Statement of Financial Position
December 31, 2022**

Assets

Cash	\$ 706,951
Grants and Contributions Receivable	835,031
Prepaid Expenses	<u>10,234</u>
Total Assets	<u>\$ 1,552,216</u>

Liabilities and Net Assets

Liabilities

Accounts Payable and Accrued Expenses	<u>\$ 173,620</u>
Total Liabilities	<u>173,620</u>

Net Assets

Without Donor Restrictions	543,565
With Donor Restrictions	<u>835,031</u>
Total Net Assets	<u>1,378,596</u>
Total Liabilities and Net Assets	<u>\$ 1,552,216</u>

See accompanying Notes to Financial Statements.

Institute for Exceptional Care
Statement of Activities
For The Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, and Other Support			
Grants and Contributions	\$ 1,401,847	\$ 835,031	\$ 2,236,878
Other	85	-	85
Total Revenues, and Other Support	<u>1,401,932</u>	<u>835,031</u>	<u>2,236,963</u>
Expenses			
Program Services	645,232	-	645,232
Supporting Service Expense			
General and Administrative	172,346	-	172,346
Fundraising	236,425	-	236,425
Total Supporting Service Expense	408,771	-	408,771
Total Expenses	<u>1,054,003</u>	<u>-</u>	<u>1,054,003</u>
Change in Net Assets	<u>347,929</u>	<u>835,031</u>	<u>1,182,960</u>
Net Assets, Beginning of Year	195,636	-	195,636
Net Assets, End of Year	<u>\$ 543,565</u>	<u>\$ 835,031</u>	<u>\$ 1,378,596</u>

See accompanying Notes to Financial Statements.

Institute for Exceptional Care
Statement of Functional Expenses
For The Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 329,401	\$ 86,685	\$ 161,811	\$ 577,897
Professional Fees	282,299	76,748	46,250	405,297
Information Technology	7,659	2,069	24,289	34,017
Office Expense	4,159	97	116	4,372
State Registrations	2,998	156	3,959	7,113
Dues and Subscriptions	50	65	-	115
Meetings and Travel	18,666	-	-	18,666
Insurance	-	6,526	-	6,526
Total	<u>\$ 645,232</u>	<u>\$ 172,346</u>	<u>\$ 236,425</u>	<u>\$ 1,054,003</u>

See accompanying Notes to Financial Statements.

Institute for Exceptional Care
Statement of Cash Flows
For The Year Ended December 31, 2022

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ 1,182,960
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities	
<u>(Increase) Decrease in Assets</u>	
Grants and Contributions Receivable	(742,811)
Prepaid Expenses	(6,686)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	103,357
Net Cash Provided by (Used in) Operating Activities	536,820
Increase (Decrease) in Cash and Cash Equivalents	536,820
Cash, Beginning of Year	170,131
Cash, End of Year	\$ 706,951

See accompanying Notes to Financial Statements.

Institute for Exceptional Care

Notes to Financial Statements December 31, 2022

1. ORGANIZATION

The Institute for Exceptional Care (the Institute) is a 501(c)(3) nonprofit organization created to transform healthcare for people with intellectual and / or developmental disabilities. The Institute has developed and advanced a dynamic slate of projects to help transform healthcare for people with intellectual and/or developmental disabilities

The Institute is funded through various sources of grants and contributions.

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Institute have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Institute to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants and Contributions Receivable

Grants and contributions receivable are recorded at their net realizable value and approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Institute for Exceptional Care

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

There were no unrecognized conditional contributions as of December 31, 2022.

Investment income (loss) reflects the market value fluctuations between a stock donation and subsequent sale and transfer to cash.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis using a time and effort allocation.

Income Taxes

The Institute is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Institute may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Institute and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities at December 31, 2022.

The Institute's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2022.

Institute for Exceptional Care

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. Institute does not have any leases requiring recognition on the statement of financial position.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires Organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2023.

Subsequent Events

Management has evaluated subsequent events through July 8, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

The Institute maintains its cash balances at a financial institution. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of December 31, 2022, the Institute's bank balances exceeded the FDIC coverage by approximately \$455,000.

Institute for Exceptional Care

Notes to Financial Statements December 31, 2022

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2022, grants and contributions receivable are expected to be collected as follows:

2023	\$ 509,351
2024	<u>325,680</u>
	<u>\$ 835,031</u>

5. NET ASSETS

Net assets with donor restrictions as of and for the year ended December 31, 2022 was as follows:

	<u>Beginning of the Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Time Restricted	<u>\$ -</u>	<u>\$ 835,031</u>	<u>\$ -</u>	<u>\$ 835,031</u>

Net assets without donor restrictions for the year ended December 31, 2022 were undesignated.

6. AVAILABILITY AND LIQUIDITY

The following represents the Institute's financial assets at December 31, 2022:

Financial Assets at Year End:

Cash	\$ 706,951
Grants and Contributions Receivable	<u>509,351</u>
Total Financial Assets	1,216,302
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	835,031
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	<u>(835,031)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,216,302</u>

As part of the Institute's liquidity management plan, excess cash is assessed and would be transferred to an income earning account when appropriate.