

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2023

THE PRACTICE
CERTIFIED PUBLIC ACCOUNTANTS INC.
44651 VILLAGE COURT, SUITE 125
PALM DESERT, CA 92260

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AND NOTES	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8



T 760.777.7377 F 760.777.7732
44651 Village Court, Suite 125 • Palm Desert, CA 92260

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Cove Communities Senior Association dba The Joslyn Center
Palm Desert, California

Opinion

We have audited the accompanying financial statements of Cove Communities Senior Association dba The Joslyn Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Cove Communities Senior Association dba The Joslyn Center as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cove Communities Senior Association dba The Joslyn Center 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 Cove Communities Senior Association dba The Joslyn Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Cove Communities Senior Association dba The Joslyn Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cove Communities Senior Association dba The Joslyn Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The 2023 financial statements of Cove Communities Senior Association dba The Joslyn Center were previously audited by Maryanov Madsen Gordon & Campbell, CPAs, and they expressed an unmodified audit opinion on those audited financial statements in their report dated October 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The Practice CPA

The Practice Certified Public Accountants, Inc.

Palm Desert, California
October 11, 2024

COVE COMMUNITES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,938	\$ 117,729
Accounts receivable (net of allowance for doubtful accounts of \$0)	100,000	-
Prepaid expenses	12,445	8,696
Investments	<u>656,379</u>	<u>920,895</u>
TOTAL CURRENT ASSETS	<u>842,762</u>	<u>1,047,320</u>
NON-CURRENT ASSETS		
Cash and cash equivalents - donor restricted	124,491	73,667
Investments - endowment	653,948	600,558
Property and equipment - Net (Note D)	<u>1,292,080</u>	<u>758,649</u>
TOTAL NON-CURRENT ASSETS	<u>2,070,519</u>	<u>1,432,874</u>
TOTAL ASSETS	<u><u>2,913,281</u></u>	<u><u>2,480,194</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	25,745	16,057
Accrued salaries and payroll taxes	23,592	16,769
Accrued vacation	21,938	33,574
Accrued expenses	<u>19,500</u>	<u>200</u>
TOTAL CURRENT LIABILITIES	<u>90,775</u>	<u>66,600</u>
TOTAL LIABILITIES	<u>90,775</u>	<u>66,600</u>
NET ASSETS		
Without donor restrictions	2,497,237	2,139,149
With donor restrictions (Note G)	<u>325,269</u>	<u>274,445</u>
TOTAL NET ASSETS	<u>2,822,506</u>	<u>2,413,594</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,913,281</u></u>	<u><u>\$ 2,480,194</u></u>

See accompanying notes to the financial statements.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Contributions and grants	\$ 707,721	\$ 1,490,925
Memberships	63,092	62,760
Fundraising	315,302	302,432
Less: Costs of direct benefits to donors	(172,613)	(161,488)
Funds from joint cities	356,581	339,601
Theatre	5,000	5,250
Meals on wheels	89,092	87,927
Wellness center	229,967	110,808
Senior activities	41,127	33,538
Advertising	575	1,400
Building usage	20,880	12,826
Interest	39,886	12,811
Realized/unrealized gain (loss) on investments	63,151	45,172
TOTAL REVENUES & SUPPORT WITHOUT DONOR RESTRICTIONS	1,759,761	2,343,962
NET ASSETS RELEASED FROM RESTRICTIONS	72,667	118,100
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS WITHOUT DONOR RESTRICTIONS	1,832,428	2,462,062
EXPENSES		
Program services	1,195,452	1,083,128
Manangement and general	160,063	141,286
Fundraising	118,825	110,525
TOTAL EXPENSES	1,474,340	1,334,939
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	358,088	1,127,123
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Restricted contributions	123,491	64,667
Net assets released from restrictions	(72,667)	(118,100)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	50,824	(53,433)
INCREASE IN NET ASSETS	408,912	1,073,690
NET ASSETS AT BEGINNING OF YEAR	2,413,594	1,339,904
NET ASSETS AT END OF YEAR	\$ 2,822,506	\$ 2,413,594

See accompanying notes to the financial statements.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Supporting Services		Totals	
	Center Activities	Meals on Wheels	Management and General	Fundraising	2024	2023
Salaries	\$ 502,952	\$ 139,673	\$ 84,964	\$ 92,743	\$ 820,332	\$ 786,638
Payroll taxes	43,615	12,112	7,368	8,042	71,137	\$ 64,253
Workers compensation	1,712	475	289	316	2,792	\$ 5,732
403(b) employer match	6,651	6,491	3,929	2,803	19,874	18,395
Medical	22,646	6,081	6,608	4,902	40,237	33,589
Payroll fees	6,222	1,728	1,051	1,147	10,148	6,720
	<u>583,798</u>	<u>166,560</u>	<u>104,209</u>	<u>109,953</u>	<u>964,520</u>	<u>915,327</u>
Advertising	69,538	74,848	-	924	145,310	110,159
Insurance	13,520	12,919	10,931	-	37,370	29,546
Maintenance - building and equipment	9,323	1,873	1,236	-	12,432	15,334
Maintenance - grounds	24,337	2,771	1,847	-	28,955	26,804
Newsletter	14,695	3,036	1,862	-	19,593	19,085
Office and technology	21,391	5,014	3,800	-	30,205	28,002
Other expenses	8,119	3,177	16,725	1,479	29,500	16,613
Postage	2,372	475	316	-	3,163	4,293
Professional services	10,787	2,158	1,438	-	14,383	12,189
Public relations	10,118	10,118	9,177	6,174	35,587	25,254
Security	3,032	606	404	-	4,042	3,268
Theatre	268	-	-	-	268	492
Utilities	44,698	8,940	5,959	-	59,597	55,510
Vehicle	298	3,767	299	92	4,456	1,661
Wellness center	26,812	-	-	-	26,812	16,633
Total expenses before depreciation	<u>843,106</u>	<u>296,262</u>	<u>158,203</u>	<u>118,622</u>	<u>1,416,193</u>	<u>1,280,170</u>
Depreciation	<u>51,507</u>	<u>4,146</u>	<u>2,192</u>	<u>302</u>	<u>58,147</u>	<u>54,769</u>
Total expenses	<u>\$ 894,613</u>	<u>\$ 300,408</u>	<u>\$ 160,395</u>	<u>\$ 118,924</u>	<u>\$ 1,474,340</u>	<u>\$ 1,334,939</u>

See accompanying notes to the financial statements.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024, WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 408,912	\$ 1,073,690
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities		
Depreciation	58,147	54,769
Realized and unrealized (gain) on investments	(63,151)	(45,172)
(Increase) decrease in operating assets		
Accounts receivable	(100,000)	49,339
Prepaid expenses	(3,749)	(821)
Increase (decrease) in operating liabilities		
Accounts payable	9,688	(6,452)
Accrued salaries and payroll taxes	6,823	(1,254)
Accrued vacation	(11,636)	1,469
Accrued expenses	19,300	(750)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>324,334</u>	<u>1,124,818</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers from investment accounts	386,636	-
Capital expenditures	(572,079)	(84,860)
Investment purchases	(297,367)	(907,763)
Investment proceeds	290,000	50,000
NET CASH USED BY INVESTING ACTIVITIES	<u>(192,810)</u>	<u>(942,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	-	(150,379)
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(150,379)</u>
NET INCREASE IN CASH	131,524	31,816
CASH AT BEGINNING OF YEAR	<u>191,396</u>	<u>159,580</u>
CASH AT END OF YEAR	<u><u>\$ 322,920</u></u>	<u><u>\$ 191,396</u></u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cove Communities Senior Association dba The Joslyn Center (the Center), is a non-profit corporation organized under the laws of the State of California on April 14, 1981. The mission of The Joslyn Center is to provide health, recreational, educational, and social programs along with information, referral, volunteer, and support services for adults age 50+ in the communities of Indian Wells, Palm Desert, and Rancho Mirage.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Center's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Investments

Investments in marketable equity securities with readily determinable fair values, real estate investments, and equity securities without readily determinable fair values are stated at fair value.

Property and Equipment

The Center capitalizes assets with an expected useful life in excess of one year and value in excess of \$1,000 including additions, improvements, and other capital outlays that significantly extend the useful life of an asset. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from five to 39 years.

Fine Arts Collection

Collection items acquired after July 1, 1999 are capitalized at cost if purchased or at their appraised or fair value on the acceptance date. All prior fine arts collection items were recorded as decreases in net assets if purchased. No financial statement recognition was made for previous contributed fine arts collection items.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designation of Net Assets without Donor Restrictions

It is the policy of the Board of Directors of the Center to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Center is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, respectively. The Center has not engaged in any activities subject to income tax on unrelated business income; therefore, no provision has been made for income taxes.

The Center's policy is to record income tax related interest and penalties in operating expenses. For the years ended June 30, 2024 and 2023, there was no interest or penalties expense recorded and no accrued interest or penalties.

The Center may recognize the tax benefit from a 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 Center and various positions related to the potential sources of unrelated business taxable income (UBIT). The Center has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of California. The Center believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Ranch's financial condition, results of operations, or cash flows.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Dependency

The Center receives a substantial portion of its revenues from the Cove Communities Services Commission; which is made up of the cities of Palm Desert, Rancho Mirage, and Indian Wells. The Cove Commission has provided substantial support to the Center since its inception, including \$356,581 and \$339,601 for the for the years ended June 30, 2024 and 2023, respectively.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Center's programs, operations, and fundraising activities. The value of donated volunteer services is not reflected in the accompanying financial statements since no objective basis is available to measure the value of such services.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE B - CASH RISK CONCENTRATION

The Center maintains its cash balances with several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024, the Center's cash balances were fully insured with federal depository insurance.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Funds		
US Treasury Money Market	\$ 646,125	\$ 232,889
US Treasuries	<u>-</u>	<u>528,622</u>
Total funds	646,125	761,511
City of Rancho Mirage, Investment Pool	10,254	159,384
Community Foundation	<u>653,948</u>	<u>600,558</u>
Total investments	<u>\$ 1,310,327</u>	<u>\$ 1,521,453</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.
- Level 2 inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices of identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at June 30, 2024 and 2023.

- Funds. Determined by the net asset value per share on the last trading day of the fiscal year, which is the basis for transactions at that date.
- Municipal, Asset backed, Government, and Preferred securities. Determined by the closing price reported on the active market on which the securities are traded on the last business day of the fiscal year.
- Closed ends funds & exchange. Determined by the closing price per share on the last business day of the fiscal year.

	<u>2024</u>	<u>2023</u>
Measured using Level 1 fair value measures:		
Funds		
US Treasury Money Market	\$ 646,125	\$ 232,889
US Treasuries	-	528,622
Measured using Level 2 fair value measures:		
City of Rancho Mirage, Investment Pool	10,254	159,384
Community Foundation	<u>653,948</u>	<u>600,558</u>
Total investments measured at fair value	<u>\$ 1,310,327</u>	<u>\$ 1,521,453</u>

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2024 and 2023:

Description	2024	2023
Building	\$ 679,410	\$ 637,334
Improvements	980,953	650,352
Furniture and equipment	477,798	451,397
Vehicles	29,609	29,609
Right of use asset (Solar Lease)	192,500	-
Collections (Western Statue)	46,925	46,925
Total	2,407,195	1,815,617
Less: accumulated depreciation	1,115,115	1,056,968
Net Property and Equipment	<u>\$ 1,292,080</u>	<u>\$ 758,649</u>

NOTE E - LIQUIDITY

The following reflects the Center's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2024	2023
Financial assets at year-end	\$ 1,618,392	\$ 1,712,849
Donor restricted for specific programs	124,491	73,667
Endowment investments	<u>653,948</u>	<u>600,558</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 839,953</u>	<u>\$ 1,038,624</u>

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE F - ENDOWMENT FUNDS

Board-designated Endowment

As of June 30, 2024, the board of directors had designated \$453,170 of net assets without donor restrictions as a general endowment fund to support the mission of the Center. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

Donor-designated Endowment

The Center's endowment also includes donor-restricted funds to be held in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's donor-restricted endowment had a balance of \$200,778 for the year ended June 30, 2024.

The Center has interpreted the state enacted Uniform Prudent Management of Institutional Fund 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. The Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (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 Center, and (7) the Center's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Center has adopted an investment policy, approved by the board of directors, for endowment assets that attempts to maintain the principle of the endowment while incurring the lowest possible risk. To this end, all assets are limited to cash equivalents, fixed income securities and equity securities. Therefore, the Center expects its endowment assets, over time, to exceed the rate of inflation. Actual returns in any given year may vary from this expectation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE F - ENDOWMENT FUNDS (CONTINUED)

Donor-designated Endowment (Continued)

Spending Policy. The income and/or gain earned by the endowment fund is considered revenue without donor restrictions and may be distributed to the Center as general support revenue for its programs. The Center has a policy of appropriating for distribution each year 7% of its endowment fund's earnings. In accordance with the UPMIFA, any expenditure less than or equal to 7% of the fair market value of the endowment fund shall be presumed to be prudent management of the funds. In establishing this policy, the Center considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Center expects the current spending policy to allow its endowment funds to grow at an average rate of 3% annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets as of June 30, 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment New Assets
Endowment net assets, beginning of the year	\$ 399,780	\$ 200,778	\$ 600,558
Contributions	9,636	-	9,636
Distributions	(21,636)	-	(21,636)
Investment income	15,672	-	15,672
Net appreciation	56,773	-	56,773
Investment fees	(7,055)	-	(7,055)
Endowment net assets, end of the year	\$ 453,170	\$ 200,778	\$ 653,948

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions are subject to restrictions limiting the Center's use of the contributed assets to later periods (time restrictions), special purposes (purpose restrictions), or both. As a result, net assets with donor restrictions at June 30, 2024 and 2023, were subject to the following restrictions:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Capital improvements	\$ -	\$ 11,000
Theater	5,000	5,000
Meals on Wheels	1,000	4,000
Social events	24,000	12,000
Pickleball	6,991	-
Wellness center	<u>87,500</u>	<u>41,667</u>
Total	<u>\$ 124,491</u>	<u>\$ 73,667</u>
Endowments held in perpetuity	<u>\$ 200,778</u>	<u>\$ 200,778</u>

NOTE H - RETIREMENT PLAN

The Center has a 403(b) Profit Sharing Plan and Trust (the Plan) which covers substantially all employees meeting the minimum age and hours worked requirements. The Plan provides for elective contributions by employees up to the maximum limit allowed by the tax regulations. Under the terms of the Plan, the Center may make discretionary contributions equal to a uniform percentage of the amount of the elective contribution made by employees. The Plan also allows the Center to contribute a discretionary percentage of eligible employees' annual compensation to a profit-sharing plan. The Center's 403(b) expense for the years ended June 30, 2024 and 2023 was \$19,874 and \$18,395, respectively.

COVE COMMUNITIES SENIOR ASSOCIATION
DBA THE JOSLYN CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE I - LAND LEASE

During May 1982, the Center entered into a forty-year land lease with the City of Palm Desert. In November 2017, the City of Palm Desert approved a twenty-year land lease that replaces the prior lease agreement. The lease has an option to renew for another twenty-year term. The annual rent is one dollar (\$1.00).

NOTE J - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 11, 2024, which is the date financial statements were available to be issued.