2021

Kids Central, Inc. and Subsidiaries

Financial Statements and Independent Auditor's Report

June 30, 2021

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

KIDS CENTRAL, INC. AND SUBSIDIARIES
WILDWOOD, FLORIDA

JUNE 30, 2021

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PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kids Central, Inc.
Wildwood, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of Kids Central, Inc. and Subsidiaries (the Corporation), a non-profit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Kids Central, Inc.
Wildwood, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;* and Chapter 10.650, *Rules of the Auditor General,* is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Purvis Gray

January 24, 2022
Ocala, Florida

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

ASSETS

	2021	2020
Current Assets		
Cash and Cash Equivalents	$ 9,398,131	$ 6,685,103
Grants and Provider Receivable	412,316	927,350
Unbilled Grants Receivable	950,334	653,229
Prepaid Expenses	94,734	121,824
Other Receivable	6,319	13,563
Total Current Assets	10,861,834	8,401,069
Property and Equipment, Net of Accumulated Depreciation	275,553	373,407
Non-Current Assets		
Restricted Cash - Client Trust Funds	510,689	278,990
Investments	769,176	-
Other Assets	137,448	137,448
Total Non-Current Assets	1,417,313	416,438
Total Assets	12,554,700	9,190,914

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable - Operating	2,261,453	2,693,243
Accounts Payable - DCF	1,871,334	395,945
Accrued Payroll and Related Expenses	1,745,627	1,199,251
Deferred Revenue	3,291,583	269,209
Total Current Liabilities	9,169,997	4,557,648
Non-Current Liabilities		
Note Payable	-	1,732,700
Master Trust Liability	510,689	278,990
Total Non-Current Liabilities	510,689	2,011,690
Total Liabilities	9,680,686	6,569,338
Net Assets		
Without Donor Restrictions:		
Invested in Property and Equipment	275,553	373,407
Undesignated	2,598,461	2,248,169
Total Net Assets	2,874,014	2,621,576
Total Liabilities and Net Assets	$ 12,554,700	$ 9,190,914

See accompanying notes.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

	2021	2020
Revenues		
State and Federal Revenues		
DCF Contracts:		
DCF Services Contract	$ 52,960,377	$ 53,439,047
Grants - Other	2,460,242	374,181
Total State and Federal Revenues	55,420,619	53,813,228
Other Revenues		
Donations	175,350	205,934
Interest Income	29,602	21,388
Contractual Service Revenue	2,214,924	2,133,846
Other Revenue	209,784	104,595
Total Other Revenues	2,629,660	2,465,763
Total Revenues	58,050,279	56,278,991
Expenses		
Programs		
Foster Care	5,984,852	6,569,899
Residential Group Care and Emergency Shelter	5,969,241	5,445,735
Adoption	13,756,488	12,513,329
Case Management	20,983,940	21,182,807
Recruitment and Licensing	1,496,759	1,484,876
Independent Living	999,087	1,078,576
Diversion and Prevention	3,264,687	3,452,918
Other Grants	2,727,025	2,009,420
Total Programs	55,182,079	53,737,560
Management and General	2,543,806	2,200,436
Fundraising	71,956	65,259
(Total Expenses)	(57,797,841)	(56,003,255)
Change in Net Assets	252,438	275,736
Net Assets, Beginning of Year	2,621,576	2,345,840
Net Assets, End of Year	$ 2,874,014	$ 2,621,576

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

	2021 Program Expenses				
	Foster Care	Residential Group Care and Emergency Shelter	Adoption	Case Management	Recruitment and Licensing
Salaries and Benefit Expenses					
Salaries	$ -	$ -	$ 525,141	$ 5,467,549	$ 934,023
Benefits	-	-	111,442	1,172,649	252,943
Total Salaries and Benefit Expenses	-	-	636,583	6,640,198	1,186,966
Other Expenses					
Out-of-Home Care Payments	5,849,766	5,969,241	11,814,159	133	-
Contracted Services	16,827	-	1,193,875	13,033,728	-
Flex Funds	-	-	4,850	14,789	-
Staff Recruitment	-	-	-	-	-
Training	-	-	999	5,160	2,744
Travel	-	-	4,387	123,434	19,159
Occupancy and Utilities	-	-	23,725	310,440	61,660
Telephone and Data Lines	196	-	6,107	94,478	29,486
Supplies	-	-	964	11,607	4,096
Postage	-	-	787	9,683	2,239
Professional Fees	-	-	3,598	275,623	67,512
Consultants	-	-	-	49,408	9,925
Insurance	-	-	10,060	104,190	38,307
Minor Equipment and Maintenance	18,000	-	4,330	69,823	15,499
Other Expenses	100,063	-	50,888	107,422	53,107
Total Other Expenses	5,984,852	5,969,241	13,118,729	14,209,918	303,734
Total Expenses Before Depreciation	5,984,852	5,969,241	13,755,312	20,850,116	1,490,700
Depreciation	-	-	1,176	133,824	6,059
Total Expenses	$ 5,984,852	$ 5,969,241	$ 13,756,488	$ 20,983,940	$ 1,496,759

See accompanying notes.

2021
Program Expenses

Independent Living	Diversion and Prevention	Other Grants	Total	Management and General	Fundraising	Combined Total
$ 308,231	$ 1,743,931	$ 1,435,827	$ 10,414,702	$ 1,538,400	$ 49,951	$ 12,003,053
57,781	548,318	382,370	2,525,503	346,753	14,493	2,886,749
366,012	2,292,249	1,818,197	12,940,205	1,885,153	64,444	14,889,802
546,304	-	-	24,179,603	-	-	24,179,603
-	191,882	511,525	14,947,837	5,845	-	14,953,682
-	-	-	19,639	-	-	19,639
-	-	210	210	93	-	303
-	3,933	13,419	26,255	1,710	-	27,965
7,931	64,593	12,604	232,108	3,149	-	235,257
18,241	189,317	88,941	692,324	91,029	2,512	785,865
8,532	73,658	35,515	247,972	26,634	1,254	275,860
791	7,173	74,296	98,927	15,176	79	114,182
659	4,431	1,110	18,909	2,388	90	21,387
5,496	94,622	29,839	476,690	150,546	765	628,001
-	141,486	11,465	212,284	157,142	-	369,426
12,431	74,689	41,466	281,143	43,749	1,718	326,610
4,669	53,030	36,556	201,907	82,938	641	285,486
26,226	60,642	27,880	426,228	60,640	206	487,074
631,280	959,456	884,826	42,062,036	641,039	7,265	42,710,340
997,292	3,251,705	2,703,023	55,002,241	2,526,192	71,709	57,600,142
1,795	12,982	24,002	179,838	17,614	247	197,699
$ 999,087	$ 3,264,687	$ 2,727,025	$ 55,182,079	$ 2,543,806	$ 71,956	$ 57,797,841

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

	2020 Program Expenses				
	Foster Care	Residential Group Care and Emergency Shelter	Adoption	Case Management	Recruitment and Licensing
Salaries and Benefit Expenses					
Salaries	$ -	$ -	$ 279,852	$ 2,926,990	$ 918,324
Benefits	-	-	55,622	596,696	244,816
Total Salaries and Benefit Expenses	-	-	335,474	3,523,686	1,163,140
Other Expenses					
Out-of-Home Care Payments	6,376,403	5,442,889	10,469,461	2,976	-
Contracted Services	21,517	2,695	1,630,903	16,604,451	-
Flex Funds	-	-	11,880	28,454	-
Training	-	-	320	6,734	3,568
Travel	491	-	853	73,639	34,757
Occupancy and Utilities	-	-	10,919	139,635	60,182
Telephone and Data Lines	168	-	3,345	52,631	25,874
Supplies	-	-	598	32,076	4,940
Postage	-	-	492	6,473	2,732
Professional Fees	-	-	2,488	202,138	71,524
Consultants	-	-	-	85,606	2,500
Insurance	-	-	7,504	88,649	38,489
Minor Equipment and Maintenance	18,210	-	2,570	47,478	16,677
Other Expenses	153,110	151	35,482	106,134	54,724
Total Other Expenses	6,569,899	5,445,735	12,176,815	17,477,074	315,967
Total Expenses Before Depreciation	6,569,899	5,445,735	12,512,289	21,000,760	1,479,107
Depreciation	-	-	1,040	182,047	5,769
Total Expenses	$ 6,569,899	$ 5,445,735	$ 12,513,329	$ 21,182,807	$ 1,484,876

See accompanying notes.

	2020 Program Expenses					
Independent Living	Diversion and Prevention	Other Grants	Total	Management and General	Fundraising	Combined Total
$ 309,689	$ 1,879,886	$ 1,261,932	$ 7,576,673	$ 1,386,353	$ 43,438	$ 9,006,464
54,787	559,231	323,858	1,835,010	255,658	12,535	2,103,203
364,476	2,439,117	1,585,790	9,411,683	1,642,011	55,973	11,109,667
609,526	2,894	-	22,904,149	-	-	22,904,149
(9,956)	202,402	25,060	18,477,072	3,460	-	18,480,532
-	894	-	41,228	511	-	41,739
1,435	5,004	12,888	29,949	6,301	-	36,250
14,722	138,258	78,085	340,805	17,610	517	358,932
18,655	234,047	90,084	553,522	88,232	2,344	644,098
9,014	70,341	29,654	191,027	28,149	1,053	220,229
1,256	12,469	71,961	123,300	29,894	2,438	155,632
896	5,626	993	17,212	3,046	113	20,371
4,214	85,174	25,749	391,287	104,569	534	496,390
-	28,024	3,745	119,875	77,178	-	197,053
13,231	75,723	37,974	261,570	46,549	1,373	309,492
4,533	49,015	25,603	164,086	73,741	620	238,447
44,835	91,207	1,868	487,511	62,523	62	550,096
712,361	1,001,078	403,664	44,102,593	541,763	9,054	44,653,410
1,076,837	3,440,195	1,989,454	53,514,276	2,183,774	65,027	55,763,077
1,739	12,723	19,966	223,284	16,662	232	240,178
$ 1,078,576	$ 3,452,918	$ 2,009,420	$ 53,737,560	$ 2,200,436	$ 65,259	$ 56,003,255

See accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

	2021	2020
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$ 253,229	$ 275,736
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	197,697	240,180
(Gain)/Loss on Disposal of Fixed Assets	8	(1,452)
Loan Forgiveness - PPP	(1,732,700)	-
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):		
Grants Receivable	515,034	228,333
Unbilled Grants Receivable	(297,105)	(2,429)
Prepaid Expenses	27,090	(33,949)
Other Assets	7,104	1,428
Accounts Payable	1,043,599	183,243
Accrued Payroll and Payroll Taxes	546,376	195,720
Deferred Revenue	3,022,374	190,198
Master Trust Liability	231,048	(46,175)
Net Cash Provided by (Used in) Operating Activities	3,813,754	1,230,833
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(99,851)	(202,261)
Proceeds from Sale of Fixed Assets	-	11,056
Purchases of Investments	(769,176)	-
Net Cash Provided by (Used in) Investing Activities	(869,027)	(191,205)
Cash Flow from Financing Activities		
Proceeds from Loans Payable	-	1,732,700
Net Cash Provided by (Used in) Financing Activities	-	1,732,700
Net Increase (Decrease) in Cash and Cash Equivalents	2,944,727	2,772,328
Cash and Cash Equivalents, Beginning of Year	6,964,093	4,191,765
Cash and Cash Equivalents, End of Year	$ 9,908,820	$ 6,964,093
Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position		
Cash and Cash Equivalents	$ 9,398,131	$ 6,685,103
Restricted Cash - Client Trust Funds	510,689	278,990
Total Cash and Cash Equivalents	$ 9,908,820	$ 6,964,093

See accompanying notes.

Note 1 - Summary of Significant Accounting Principles

Organization

The accompanying consolidated financial statements include the following entities:

Kids Central, Inc. (the Corporation) is a not-for-profit organization organized under the laws of the State of Florida, receiving most of its revenue from state and federal funds. The Corporation was formed March 22, 2002, pursuant to the *Florida Not-for-Profit Organization Act*, Chapter 617, Florida Statutes. The Corporation is a community-based care agency that serves as a lead agency in the privatization of foster care services in accordance with Section 409.1671 of the Florida Statutes in Marion, Lake, Citrus, Sumter, and Hernando Counties, Florida. The services provided as a lead agency include:

- Providing Child Protection and Welfare Services to Children
- Procuring the Following Items on Behalf of Children: Foster Care, Emergency Shelter, and Group Home Care
- Helping Abused, Neglected, and Abandoned Children
- Providing Community Education about the Needs and Issues of Children

The Corporation is governed by a Board of Directors made up of individuals who are nominated by a nominating committee and elected by the Board of Directors.

Community Behavioral Health Approach, LLC (CBHA, LLC) is a wholly owned subsidiary of the Corporation and was created to establish a network of qualified subcontracts to provide Comprehensive Behavioral Health Assessments for the children placed in the Corporation's care.

Basis of Accounting

The Corporation follows standards of accounting and financial reporting prescribed for non-profit organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Financial Statement Presentation

Financial statement presentation follows *Accounting Standards Codification* (ASC) 958-205 *Financial Statements of Not-For-Profit Organizations*. Under ASC 958-205, the Corporation is required to report information regarding its financial positions and activities as follows:

- Without Donor Restrictions
- With Donor Restrictions

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions, and reports in the statement of activities as net assets released from restrictions.

Recognition of Donor-restricted Contributions
Support that is restricted by the donor is reported as an increase in with donor restrictions. When a restriction expires, the net assets classified as with donor restrictions would be reclassified to without donor restrictions. Under this premise, the Corporation accounts for its funding from the Florida Department of Children and Families (DCF) as one unrestricted function.

Restricted Cash – Client Trust Funds
Cash restricted and set aside on behalf of clients is not available for operating purposes. These funds are maintained in their own designated bank account.

Grants Receivable and Accounts Receivable
Receivables are recorded by the Corporation for funds to be received from various federal and state grants as revenues are earned. The grants receivable balance includes amounts due under the DCF contract for the current fiscal year, including amounts recorded as deferred revenues to be earned subsequent to year-end. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible. It is the Corporation's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment
The Corporation capitalizes all property and equipment with a cost of greater than $1,000 and an estimated useful life exceeding one year. Property and equipment, consisting of office furniture, equipment, and software are recorded at cost if purchased, or fair value if donated, and depreciated over their estimated useful lives of three to seven years using the straight-line method. Vehicles are recorded at cost and depreciated over their estimated useful lives of seven years using the straight-line method. Repairs and maintenance are expensed as incurred.

The Corporation owns property and equipment whose acquisition has been funded by various federal and state programs. The use, removal, or replacement of this property and equipment is controlled by the granting agency and title may revert back to the agency in the event the activities of the program are prematurely terminated.

Donated Space, Supplies, and Services
In accordance with ASC 958-605-50-1, *Contributions of Services*, shall be recognized if the services received: (a) create or enhance non-financial assets; or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized.

Certain federal and state grants require matching contributions from the community and the receiving entity. The Corporation treats the matching contributions provided to sub-recipients as matching contributions received by the Corporation. In some instances, federal grant matching contribution requirements are met with state funding.

Income Taxes
The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

The Corporation files income tax returns in the U.S. federal and state jurisdictions. With few exceptions, the Corporation is no longer subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities after three years from the due date of the tax return.

Cash and Cash Equivalents
Cash and cash equivalents consist solely of demand accounts in the name of the Corporation. Funds held at year-end and at various times during the year exceeded the limits under the Federal Deposit Insurance Corporation.

Investments
Investments in equities with readily determinable market values are recorded at fair value. Unrealized and realized gains and losses on these investments are reported in the statement of revenues and expenses without donor restrictions and in the statement of changes in net assets.

Deferred Revenues
The Corporation receives advanced funding through the year from DCF. The unearned portion of those funds is classified as deferred revenues. The balance of deferred revenues may include amounts received and receivable.

Accounting Estimates
The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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.

Contracts and Grants
The majority of the Corporation's revenue is derived from advanced funded and cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In accordance with the Financial Accounting Standards Board (FASB) ASC 958-605, *Not-for-P*rofits, Revenue is recognized when the Corporation has incurred eligible expenditures in compliance with specific contracts or grant provisions. Amounts that have been received, but not yet earned, are reported in the financial statements as deferred revenues. Any expenses that have been incurred, but not yet reimbursed, are reported as unbilled grants receivable.

Functional Allocation of Expenses
The Corporation incurs costs that are directly or indirectly allocatable to its programs. These costs and their allocations have been reported in the statement of functional expenses. Direct costs are allocated directly to the programs through the Corporation's account coding function. Indirect costs are allocated to the programs based on one of the following methodologies: 1) number of full-time equivalent (FTE) positions; 2) number of actual employees; 3) by individual employee; or 4) by the number of children served in the program. The allocations are in accordance with the annual Cost Allocation Plan (CAP) prepared by the Corporation and approved by DCF.

Paycheck Protection Program

The Corporation received a Paycheck Protection Program (PPP) loan during the COVID-19 pandemic. PPP loan funds were expended on expenses that the Corporation has determined eligible for forgiveness and expects the entire amount of PPP loan funds to be forgiven and not require payment. Therefore, the Corporation has applied ASC 470, under which the funds are initially recorded as a liability and recognized as a gain on extinguishment of debt once the conditions of release (forgiveness) have been substantially met. See Note 7 for additional information on PPP loan funds received.

Accounting Pronouncement Issued But Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases.* The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the matter of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Corporation is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Note 2 - Liquidity and Available Resources

The following reflects the Corporation's financial assets as of the balance sheet date, consisting of cash and cash equivalents, investments, and grants and provider receivable, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

Financial Assets, as of June 30, 2021	$ 12,184,553
(Less Restricted Cash – Client Trust Funds)	(510,689)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 11,673,864

The Corporation also has a $500,000 line of credit available to meet short-term operating needs if required (see Note 7).

Note 3 - Investments

Investments as of June 30, 2021, are summarized as follows:

Mutual Funds	$ 769,176
Total Investments	$ 769,176

Note 4 - Fair Value

Authoritative guidance establishes 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 Corporation 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 for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' 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 need to maintain the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2021, the Corporation's investments in mutual funds were its only financial instruments required to be recorded at fair value. These investments were valued based upon the closing price reported in the active markets.

		Fair Value Measurement at June 30, 2021		
	Market Value	**Level 1**	**Level 2**	**Level 3**
Mutual Funds	$ 769,176	$ 769,176	$ -	$ -

Note 5 - Property and Equipment

The following is a schedule of property and equipment owned by the Corporation:

	Balance at June 30, 2021
Furniture and Equipment	$ 2,133,789
Vehicles	1,113,993
(Accumulated Depreciation)	(2,972,229)
Property and Equipment, Net of Accumulated Depreciation	$ 275,553

	Balance at June 30, 2021
Furniture and Equipment	$ 2,033,941
Vehicles	1,147,268
(Accumulated Depreciation)	(2,807,802)
Property and Equipment, Net of Accumulated Depreciation	$ 373,407

Total depreciation expense for all property and equipment as of June 30, 2021 and 2020, was $197,699 and $240,178, respectively.

Note 6 - Non-Cash Donations and Donated Services

During the fiscal years ended June 30, 2021 and 2020, the Corporation received non-cash donations of new and used clothing, toys, and household items that have not been reflected in the accompanying financial statements. These items were distributed to clients in various programs. Management estimates the fair market value of these non-cash donations to be approximately $193,733 and $289,922 for 2021 and 2020, respectively.

The Corporation received services from 19 and 32 volunteers for fiscal years ended June 30, 2021 and 2020, respectively. These donated services have not been recognized in the accompanying financial statements because they did not meet the criteria for recognition under GAAP, FASB ASC 958-605-15-4, *Revenue Recognition*. The Corporation estimates the value of these donated services to be approximately $56,880 and $50,026 for the years ended June 30, 2021 and 2020, respectively.

The types of services provided by the volunteers contributed to community collaborations, daily operations within the Corporation, and to clients indirectly.

Note 7 - Debt

Short-Term Debt – Line of Credit
The Corporation has one line of credit payable, which may be used for operating purposes with no outstanding balance, as of June 30, 2021 and 2020. The Corporation has an available $500,000 of un-advanced funds available on the approved line of credit with Wells Fargo.

Long-Term Debt – Paycheck Protection Program
The Corporation received $1,732,700 from a Small Business Administration PPP loan in April 2020 from Citizen's First Bank with an interest rate of 1%. The loan was to be paid in one principal payment of $1,732,700 plus interest not yet paid on April 15, 2022. The Corporation applied to Citizen's First Bank for forgiveness of the amount due on this loan in the amount equal to the sum of payroll costs, any payment of interest on a covered mortgage obligation, any covered rent obligation, or any covered utility expense which were incurred by the Corporation during the 8-week period beginning on the first date of the first disbursement of this loan. As of May 26, 2021, the PPP loan was forgiven.

Note 8 - Operating Leases

The Corporation has a non-cancelable operating lease for office space through August 2021, and an operating lease for office equipment that runs through June 2022. The office space rental agreement is renewable at the end of the agreement. The non-cancelable operating lease is scheduled as follows:

Description	6/30/21 Lease Expense	Future Minimum Lease Payments 6/30/22	6/30/23	6/30/24	6/30/25	6/30/26
Office Space	$ 828,693	$ 641,357	$ 619,744	$ 615,624	$ 102,940	$ -
Office Equipment	42,895	25,988	22,688	1,891	-	-
Totals	$ 871,588	$ 667,345	$ 642,432	$ 617,515	$ 102,940	$ -

Description	6/30/20 Lease Expense	Future Minimum Lease Payments 6/30/21	6/30/22	6/30/23	6/30/24	6/30/25
Office Space	$ 724,134	$ 590,842	$ 135,187	$ 13,360	$ -	$ -
Office Equipment	29,428	29,988	22,688	1,891	-	-
Totals	$ 753,562	$ 620,830	$ 157,875	$ 15,251	$ -	$ -

Note 9 - Defined Contribution Pension Plan

The Corporation has a 401(k) defined contribution pension plan covering substantially all employees. This plan is the Kids Central, Inc. 401(k) Retirement Plan (the Plan). The Plan is administered by the Corporation and its Trustees are the Corporation's Board of Directors. Authority to amend the Plan rests with the Trustees. The matching contribution was 100% of each participant's contribution, up to 4% of each participating employee's compensation. Employees are immediately vested in the contributions to the Plan. Employer contributions, net of forfeitures (pension expense), to the Plan during the fiscal years ended June 30, 2021 and 2020, were $220,721 and $198,777, respectively.

Note 10 - Contingencies and Concentrations

Contingencies
Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Although this is a possibility, the Board of Directors deems the contingency remote, since by accepting the grants and their terms it has accommodated the objectives of the Corporation to the provisions of the grants.

The Corporation has received from various parties, letters of intent to file lawsuits to which the Corporation would be named as a defendant. The Corporation is aware of one lawsuit that is pending litigation; however, the attorney for these matters is unable to conclude the likelihood of an adverse outcome is probable or remote.

Concentrations
The Corporation receives approximately 91% of its support from DCF (including federal portion). A significant reduction in the level of this support, if this were to occur, may have an effect on the Corporation's programs and activities. The current contract with DCF was signed on July 1, 2011, and amended on July 1, 2021, to extend the contract through December 31, 2021.

Note 11 - Investment in CBC Casualty

During 2016, the Corporation and four other community-based care lead agency corporations each made initial capital contributions of $50,000 to establish CBC Casualty Insurance, LLC (CBCCI). A sixth lead agency joined during 2018. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Corporation and the other five members each own 16.67% of CBCCI.

Note 12 - Related Parties

In May of 2014, the Corporation became a limited partner in CBC Integrated Health, LLC to continue providing care coordination and administrative services for both mental and general health for children in care. The Corporation provided child welfare mental health services under the contract during the years ended June 30, 2021 and 2020, recognizing revenue of $357,917 and $339,486, respectively.

Note 13 - Subsequent Events

The Corporation has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 24, 2022, the date the financial statements were available to be issued.

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES; THE UNIFORM GUIDANCE; AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Kids Central, Inc.
Wildwood, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Kids Central, Inc. and Subsidiaries (the Corporation), a non-profit organization, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2022.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Kids Central, Inc.
Wildwood, Florida

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

January 24, 2022
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Kids Central, Inc.
Wildwood, Florida

Report on Compliance for Each Major Federal Program and State Project
We have audited Kids Central, Inc. and Subsidiaries' (the Corporation) compliance with the types of compliance requirements described in the Office of Management and Budget's *Compliance Supplement,* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, which could have a direct and material effect on each of the Corporation's major federal programs and state projects for the year ended June 30, 2021. The Corporation's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General.* Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the state project occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Corporation's compliance.

Board of Directors
Kids Central, Inc.
Wildwood, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Opinion on Each Major Federal Program and State Project
In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance
Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program or state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray
January 24, 2022
Ocala, Florida

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

Grantor/Pass-Through Agency Program Title	Assistance Listing Number	Contract Number	Amounts Awarded to Sub-Recipients	Expenditures
Federal Awards				
U.S. Department of Health and Human Services				
Passed Through Mid Florida Area Agency on Aging, Inc.:				
National Family Caregiver Support (Title III, Part E)	93.052	00A-21-KCI	$ -	$ 19,503
Passed Through Central Healthy Start Coalition, Inc.:				
Medical Assistance Program	93.778	LAK-2021	-	462,055
Passed Through Healthy Start of North Central Florida Coalition, Inc.:				
Medical Assistance Program	93.778	ALA-2021	-	223,637
Passed Through State of Florida Department of Children and Families:				
Medical Assistance Program	93.778	PJL04	53,762	158,399
Total Medical Assistance Program			53,762	844,091
Passed Through Well Florida Council:				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	MIECHV-MAR-2021	-	183,457
Passed Through Healthy Start of North Central Florida Coalition, Inc.:				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	MIECHV-ALA-2021	-	435,302
Total Maternal, Infant, and Early Childhood Home Visiting Grant Program			-	618,759
Passed Through Central Healthy Start Coalition, Inc.:				
Maternal and Child Health Services Block Grant to the States	93.994	LAK-2021	-	55,906
Passed Through Healthy Start of North Central Florida Coalition, Inc.:				
Maternal and Child Health Services Block Grant to the States	93.994	ALA-2021	-	14,354
Total Maternal and Child Health Services Block Grant to the States			-	70,260
Passed Through State of Florida Department of Children and Families:				
Guardianship Assistance	93.090	PJL04	-	20,765
Title IV-E Kinship Navigator Program	93.471	LJ997	-	149,204
Promoting Safe and Stable Families	93.556	PJL04	473,852	1,343,559
Temporary Assistance for Needy Families (TANF)	93.558	PJL04	1,860,597	3,596,859
Grants to States for Access and Visitation Programs	93.597	PJL04	33,302	51,070
Chafee Education and Training Vouchers Program (ETV)	93.599	PJL04	-	37,043
Stephanie Tubbs Jones Child Welfare Services Program	93.645	PJL04	155,837	256,668
Foster Care (Title IV-E)	93.658	PJL04	2,983,200	9,022,317
Adoption Assistance	93.659	PJL04	474,192	7,477,791
Social Services Block Grant	93.667	PJL04	142	4,212,310
Child Abuse and Neglect State Grants	93.669	PJL04	812	98,230
Child Abuse and Neglect State Grants	93.669	PJZ02	-	521,463
Total Child Abuse and Neglect State Grants			812	619,693
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	PJL04	-	302,048
Total Federal Awards			6,035,696	28,641,940

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

Grantor/Pass-Through Agency Program Title	CSFA Number	Contract Number	Amounts Awarded to Sub-Recipients	Expenditures
State Financial Assistance				
State of Florida Department of Children and Families				
Out-of-Home Supports	60.074	PJL04	$ 150	$ 3,929,466
Independent Living Program	60.112	PJL04	-	72,994
CBC - Purchase Therapeutic Services for Children	60.183	PJL04	-	591,833
Chafee Extended Foster Care Program	60.141	PJL04	48,345	105,172
Total State Financial Assistance			48,495	4,699,465
Total Federal Awards and State Financial Assistance			$ 6,084,191	$ 33,341,405

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of Kids Central, Inc. and Subsidiaries (the Corporation) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650*, Rules of the Auditor General.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Corporation did not elect to use the 10% de minimis indirect cost rate as covered in 200.4.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
KIDS CENTRAL, INC. AND SUBSIDIARIES - WILDWOOD, FLORIDA

Summary of Audit Results

Financial Statements

Type of auditor's report issued:		Unmodified
Internal Control Over Financial Reporting:	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?		No

Federal Awards and State Projects

Internal Control Over Major Programs and Projects:	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs and projects:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656?		No

Identification of Major Programs and Major State Projects:

Federal Programs:

Foster Care Title IV-E	Assistance Listing No. 93.658

State Projects:

Out-of-Home Supports	CFSA No. 60.074

Dollar threshold used to distinguish between Type A and Type B programs – Federal Programs:	$859,258
Dollar threshold used to distinguish between Type A and Type B programs – State Programs:	$750,000
Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance?	Yes

Other Matters

No management letter is required because there were no findings required to be reported in the management letter.

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.