A Home for Every Child

4KIDS OF SOUTH FLORIDA, INC.
and SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report
and
Federal and State Awards
In Accordance with the Uniform Guidance
and Florida Chapter 10.650

Year Ended June 30, 2022

CAPINCROUSE LLP

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of 4KIDS of South Florida, Inc. and Subsidiaries (a nonprofit corporation), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 4KIDS of South Florida, Inc. and Subsidiaries as of June 30, 2022 and 2021, and the changes in its consolidated net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of 4KIDS of South Florida, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements, continued

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 4KIDS of South Florida, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 22, 2023, on our consideration of 4KIDS of South Florida, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 4KIDS of South Florida, Inc. and Subsidiaries' 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 4KIDS of South Florida, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Capin Crouse LLP

Lawrenceville, Georgia
March 22, 2023

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	June 30, 2022	June 30, 2021
ASSETS:		
Cash and cash equivalents	$ 4,885,100	$ 3,621,013
Accounts and other receivables	717,068	570,332
Prepaid expenses and other assets	83,415	85,987
Property and equipment–net	7,538,218	6,724,580
Total Assets	$ 13,223,801	$ 11,001,912
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 570,260	$ 643,068
Mortgage notes payable (Note 6)	498,074	1,955,771
Accrued interest on mortgage notes payable (Note 8)	-	269,683
Total liabilities	1,068,334	2,868,522
Net assets:		
Without donor restrictions	10,324,872	7,568,177
With donor restrictions	1,830,595	565,213
Total net assets	12,155,467	8,133,390
Total Liabilities and Net Assets	$ 13,223,801	$ 11,001,912

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	$ 5,527,180	$ 2,592,847	$ 8,120,027
Special events	608,386	-	608,386
	6,135,566	2,592,847	8,728,413
Revenue:			
Government funding	3,295,744	-	3,295,744
Gain on extinguishment of debt	2,225,454	-	2,225,454
Rental	81,869	-	81,869
Other	320,281	-	320,281
	5,923,348	-	5,923,348
Total Support and Revenue	12,058,914	2,592,847	14,651,761
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	1,327,465	(1,327,465)	-
EXPENSES:			
Program services:			
Foster care	3,163,170	-	3,163,170
EPIC Program	2,107,463	-	2,107,463
Residential foster care	673,557	-	673,557
Family Advocacy Ministry	587,752	-	587,752
His Caring Place	436,065	-	436,065
Spirit of Success Institute	420,018	-	420,018
Prevention Initiative	257,744	-	257,744
	7,645,769	-	7,645,769

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities
(continued)

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	1,071,415	-	1,071,415
Fundraising:			
Donor relations	1,323,217	-	1,323,217
Special events	276,753	-	276,753
Marketing	312,530	-	312,530
	1,912,500	-	1,912,500
	2,983,915	-	2,983,915
Total Expenses	10,629,684	-	10,629,684
Change in Net Assets	2,756,695	1,265,382	4,022,077
Net Assets, Beginning of Year	7,568,177	565,213	8,133,390
Net Assets, End of Year	$ 10,324,872	$ 1,830,595	$ 12,155,467

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	$ 4,343,755	$ 582,036	$ 4,925,791
Contributions from related party	120,000	-	120,000
Special events	683,969	-	683,969
Noncash contributions	216,765	-	216,765
	5,364,489	582,036	5,946,525
Revenue:			
Government funding	2,767,783	-	2,767,783
Rental	70,992	-	70,992
Other	48,767	-	48,767
	2,887,542	-	2,887,542
Total Support and Revenue	8,252,031	582,036	8,834,067
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	712,800	(712,800)	-
EXPENSES:			
Program services:			
Foster care	2,767,825	-	2,767,825
EPIC Program	1,307,674	-	1,307,674
Residential foster care	666,534	-	666,534
Family Advocacy Ministry	643,413	-	643,413
His Caring Place	432,758	-	432,758
Spirit of Success Institute	414,641	-	414,641
SafePlace	106,296	-	106,296
Prevention Initiative	60,797	-	60,797
	6,399,938	-	6,399,938

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities
(continued)

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	957,897	-	957,897
Fundraising:			
Donor relations	1,001,548	-	1,001,548
Special events	62,366	-	62,366
Marketing	243,037	-	243,037
	1,306,951	-	1,306,951
	2,264,848	-	2,264,848
Total Expenses	8,664,786	-	8,664,786
Change in Net Assets	300,045	(130,764)	169,281
Net Assets, Beginning of Year	7,268,132	695,977	7,964,109
Net Assets, End of Year	$ 7,568,177	$ 565,213	$ 8,133,390

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services							
	Foster Care	EPIC Program	Residential Foster Care	Family Advocacy Ministry	His Caring Place	Spirit of Success Institute	Prevention Initiative	Total Program Services
Compensation and benefits	$ 2,292,238	$ 1,468,402	$ 421,944	$ 437,123	$ 278,850	$ 226,570	$ 245,373	$ 5,370,500
Payments to foster parents	147,312	-	2,117	-	987	-	-	150,416
Professional services	172,750	105,515	9,119	68,664	752	27,913	2,395	387,108
Other operating expenses	181,436	469,538	40,703	42,662	11,798	34,487	9,976	790,600
Occupancy and depreciation	129,293	64,008	199,674	39,235	142,982	131,048	-	706,240
Community awareness	240,141	-	-	68	696	-	-	240,905
	$ 3,163,170	$ 2,107,463	$ 673,557	$ 587,752	$ 436,065	$ 420,018	$ 257,744	$ 7,645,769

	Supporting Services						
		Fundraising					
	General and Administrative	Donor Relations	Special Events	Marketing	Total Fundraising	Total Supporting Services	Total Expenses
Compensation and benefits	$ 514,258	$ 994,616	$ -	$ 191,125	$ 1,185,741	$ 1,699,999	$ 7,070,499
Payments to foster parents	-	-	-	-	-	-	150,416
Professional services	92,391	180,156	-	60,310	240,466	332,857	719,965
Other operating expenses	195,564	75,236	-	30,589	105,825	301,389	1,091,989
Occupancy and depreciation	253,884	72,717	-	12,923	85,640	339,524	1,045,764
Community awareness	15,318	492	276,753	17,583	294,828	310,146	551,051
	$ 1,071,415	$ 1,323,217	$ 276,753	$ 312,530	$ 1,912,500	$ 2,983,915	$ 10,629,684

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services								
	Foster Care	EPIC Program	Residential Foster Care	Family Advocacy Ministry	His Caring Place	Spirit of Success Institute	SafePlace	Prevention Initiative	Total Program Services
Compensation and benefits	$ 2,181,435	$ 1,044,177	$ 329,427	$ 462,434	$ 226,941	$ 225,855	$ 91,501	$ 42,197	$ 4,603,967
Payments to foster parents	86,316	-	12,282	-	880	-	-	-	99,478
Professional services	143,420	111,396	7,791	65,063	1,923	20,035	182	3,499	353,309
Other operating expenses	118,730	63,166	80,918	36,896	60,068	49,580	6,865	14,926	431,149
Occupancy and depreciation	178,479	84,738	234,219	57,219	141,704	118,728	7,443	-	822,530
Community awareness	59,445	4,197	1,897	21,801	1,242	443	305	175	89,505
	$ 2,767,825	$ 1,307,674	$ 666,534	$ 643,413	$ 432,758	$ 414,641	$ 106,296	$ 60,797	$ 6,399,938

	Supporting Services						
		Fundraising					
	General and Administrative	Donor Relations	Special Events	Marketing	Total Fundraising	Total Supporting Services	Total Expenses
Compensation and benefits	$ 544,261	$ 723,775	$ -	$ 127,256	$ 851,031	$ 1,395,292	$ 5,999,259
Payments to foster parents	-	-	-	-	-	-	99,478
Professional services	161,727	74,616	-	40,584	115,200	276,927	630,236
Other operating expenses	112,645	73,584	-	32,443	106,027	218,672	649,821
Occupancy and depreciation	132,743	117,803	-	24,146	141,949	274,692	1,097,222
Community awareness	6,521	11,770	62,366	18,608	92,744	99,265	188,770
	$ 957,897	$ 1,001,548	$ 62,366	$ 243,037	$ 1,306,951	$ 2,264,848	$ 8,664,786

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30, 2022	Year Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,022,077	$ 169,281
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	213,286	248,143
Gain on extinguishment of debt	(2,225,454)	-
Noncash contribution of property and equipment	-	(189,082)
Contributions for long-term purposes	(1,787,991)	(26,250)
Changes in operating assets and liabilities:		
Accounts and other receivables	(146,736)	(12,212)
Prepaid expenses and other assets	2,572	16,236
Accounts payable and accrued expenses	(72,808)	62,915
Net Cash (Used) Provided by Operating Activities	4,946	269,031
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(526,924)	(297,395)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(1,926)	-
Contributions for long-term purposes	1,787,991	26,250
Net Cash Provided by Financing Activities	1,786,065	26,250
Net Change in Cash and Cash Equivalents	1,264,087	(2,114)
Cash and Cash Equivalents, Beginning of Year	3,621,013	3,623,127
Cash and Cash Equivalents, End of Year	$ 4,885,100	$ 3,621,013
SUPPLEMENTAL DISCLOSURES:		
Interest paid (see Note 8)	$ -	$ 117,348
NONCASH INVESTING ACTIVITIES:		
Donated property and equipment	$ -	$ 189,082
Property and equipment acquired through issuance of note payable	$ 500,000	$ -

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

1. NATURE OF ORGANIZATION:

4KIDS of South Florida, Inc. and Subsidiaries (collectively referred to as the Organization) is the consolidated financial reporting entity for 4KIDS of South Florida, Inc. (4KIDS South Florida) and its subsidiaries, 4KIDS of America, LLC (4KIDS America), 4KIDS Real Estate, Inc. (4KIDS Real Estate), and 4KIDS Foundation, Inc. (4KIDS Foundation).

4KIDS South Florida was incorporated in February 2002 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS South Florida is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, is classified as an entity that is not a private foundation within the meaning of the Section 509(a), and is qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

In December 2006, 4KIDS South Florida received acknowledgment by the Internal Revenue Service of its status as an integrated auxiliary of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates (CCFL) pursuant to the changes made in the provisions of its amended Articles of Incorporation and Bylaws filed in 2003.

4KIDS America was organized in February 2014 under the laws of the state of Florida Revised Limited Liability Company Act. 4KIDS America exists to further the purposes of 4KIDS South Florida. Control of 4KIDS America by 4KIDS South Florida is complete because 4KIDS South Florida is the sole member of 4KIDS America.

4KIDS Real Estate was organized in September 2020 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS Real Estate exists to further the purposes of 4KIDS South Florida. Control of 4KIDS Real Estate by 4KIDS South Florida is complete because 4KIDS South Florida controls the majority of the board of directors positions of 4KIDS Real Estate.

4KIDS Foundation was organized in September 2020 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS Foundation exists to further the purposes of 4KIDS South Florida. Control of 4KIDS Foundation by 4KIDS South Florida is complete because 4KIDS South Florida controls the majority of the board of directors positions of 4KIDS Foundation.

The Organization exists to serve at-risk children and families in collaboration with local and legal authorities by mobilizing and equipping the faith community to rescue, protect, and nurture children in the foster care system. The Organization accomplishes it objectives through the following program services:

Foster care –The Organization's foster care program is dedicated to ensuring that children in the foster care system receive excellent care and quality housing. The Organization does this by ensuring their needs are met in the following four key areas: physical, emotional, social, and spiritual. The services currently provided include but are not limited to:

1. NATURE OF ORGANIZATION, continued:

- Recruitment of foster families
- Training and continuing education of foster families
- Licensing of foster families
- Placement of children into licensed foster homes
- Support services for biological and foster families and the children involved

Residential foster care –This program provides homes with committed families and staff members to assist children and teenagers in the process of developing, coping, and learning to trust again in a caring Christian environment though the following programs:

- KidsPlace 1&2–specialized foster homes that allow larger sibling groups to be placed together
- GirlsPlace & MercyPlace–specialized foster homes for teens that would otherwise likely be placed in group homes

Family Advocacy Ministry (FAM)–Children in foster care need a loving community around them. FAM equips church volunteers to be like extended family to our foster parents. A FAM team consists of 4 to 8 committed volunteers who support a foster family through prayer and additional services (i.e., supplying meals, providing childcare, transporting children to appointments, mentoring children, supplying or sourcing practical needs such as: bunk beds, cribs, strollers, car seats, clothing, etc.).

His Caring Place (HCP)–HCP is a licensed child care program providing maternity care to pregnant teens and young adults. HCP serves young women during their pregnancy and after they have given birth by providing physical, emotional, and spiritual support as well as case management services designed to lead them to independence.

Transitional Independent Living 2:25 (TIL 2:25)–TIL 2:25 exists to assist young men and women who have "aged out" of foster care. By providing comprehensive services including housing, life skills, mentoring, financial planning, etc., young adults are able to transition from foster care to independent living.

Emotions, Physical, Intellectual, Character (EPIC)–EPIC is a therapeutic program which addresses the individual needs of the children in the aspects of their emotions, physical, and intellectual well-being and development of character.

1. NATURE OF ORGANIZATION, continued:

Prevention Initiative (PI)–The PI focuses on partnering with child welfare organizations, churches, businesses and individuals in the implementation of CarePortal, a technology platform which provides a connection point to meet the tangible and relational needs of vulnerable children and families. The intent is to connect children and families with churches to meet tangible needs, but also develop a network of support for the families to improve the well-being of the family and thereby prevent the need for children to enter foster care. The Organization facilitates training of child welfare partners to submit requests into the system and churches, businesses and individuals to respond to those requests. The Organization provides Bible story books to participating churches, at no cost to them, to give to children served. Additionally, the CarePortal Team supports the CarePortal users by providing initial troubleshooting of issues using the system, coordinate functional meetings to help identify collective trends and issues to ensure the effective use to the system, and coordinates All community meetings and other interactive events to promote positive dialogue and relationships among partners.

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of 4KIDS South Florida, 4KIDS America, 4KIDS Real Estate, and 4KIDS Foundation. All significant inter-company balances and transactions have been eliminated.

USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2022 and 2021, the Organization's cash balances exceeded federally insured limits by $3,060,425 and $933,254, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are reported net of any anticipated losses due to uncollectible accounts. The Organization's policy for determining when receivables are past due or delinquent is when a tenant from the TIL 2:25 program leaves with a balance. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts will become uncollectible, which is typically when the account is 90 days old. The Organization does not assess late charges on these accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. For both years ended June 30, 2022 and 2021, management has determined that no allowance is necessary, as all balances are considered collectible.

As part of accounts receivable, the Organization has certain receivables due from ChildNet, a Florida not-for-profit corporation, that provides funds to the Organization as an agent of the Florida Department of Children and Families in exchange for the child protective services that the Organization provides in Broward and Palm Beach Counties. For the years ended June 30, 2022 and 2021, the Organization had receivables from ChildNet in the amounts of $193,492 and $225,036, respectively. For the years ended June 30, 2022 and 2021, the Organization had receivables from Florida Department of Children and Families in the amounts of $62,500 and $126,000, respectively. For the years ended June 30, 2022 and 2021, the Organization had receivables from Communities Connected for Kids in the amounts of $142,435 and $55,769, respectively.

PROPERTY AND EQUIPMENT–NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than $10,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

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

Net assets without donor restrictions are currently available at the discretion of the board for use in operations or designated by the board for specific purposes and/or projects. Equity in property and equipment represents amounts invested in property and equipment, net of accumulated depreciation and related debt.

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

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and funding, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or funding provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. All other exchange revenue is recognized when earned.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications. Contributions with donor restrictions which have been fully expended for their intended purposes within the reporting period are reported as contributions without donor restrictions.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization conducted several special events designed to inform supporters about its ministry and expose itself to potential new donors. Special events consist of revenue generated from the Organization's annual events. As of June 30, 2022 and 2021, special events revenue is recorded gross of special events related expense of $276,753 and $62,366, respectively.

Donated goods and services (including securities, property, rent, and equipment) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, facilities operations, and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

CONCENTRATIONS

During the years ended June 30, 2022 and 2021, the Organization received 26% and 19%, respectively, of total support and revenue from three donors. The Organization's operations and program services could be impacted if these relationships were to terminate and could not be replaced by new donor(s) with comparable donations.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	June 30, 2022	June 30, 2021
Financial assets, at year-end:		
Cash and cash equivalents	$ 4,885,100	$ 3,621,013
Accounts and other receivables	717,068	570,332
	$ 5,602,168	$ 4,191,345

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2022, the Organization has $1,830,595 in net assets with donor restrictions for project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes or as the related time restrictions are fulfilled.

4. ACCOUNTS AND OTHER RECEIVABLES:

Accounts and other receivables consist of:

	June 30, 2022	June 30, 2021
Government funding receivable	$ 398,427	$ 406,805
Receivables due from related party	2,835	3,065
Other receivables	315,806	160,462
	$ 717,068	$ 570,332

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	June 30, 2022	June 30, 2021
Land and improvements	$ 1,658,732	$ 1,658,732
Buildings and improvements	7,540,941	6,507,188
Vehicles	168,952	168,952
Furniture and fixtures	494,107	494,122
	9,862,732	8,828,994
Less accumulated depreciation	(2,330,489)	(2,104,414)
	7,532,243	6,724,580
Construction in progress	5,975	-
	$ 7,538,218	$ 6,724,580

6. MORTGAGE NOTES PAYABLE:

Mortgage notes payable consists of:

	June 30, 2022	June 30, 2021
Mortgage note payable to a certain financial institution with a fixed interest rate of 4% which is subject to change at various scheduled points during the term of the note payable. Note requires monthly principal and interest payments in the amount of $2,655 and matures April 29, 2037. The note is secured by certain real estate.	$ 498,074	$ -
Mortgage note payable to CCFL (see Note 8)–forgiven in its entirety during the year ended June 30, 2022.	-	305,000
Mortgage note payable to CCFL (see Note 8)–forgiven in its entirety during the year ended June 30, 2022.	-	400,000
Mortgage notes payable to CCFL (see Note 8)–forgiven in its entirety during the year ended June 30, 2022.	-	485,000
Mortgage notes payable to CCFL (see Note 8)–forgiven in its entirety during the year ended June 30, 2022.	-	765,771
	$ 498,074	$ 1,955,771

Principal maturities of mortgage notes payable are estimated as follows:

Years Ending June 30,	Amounts
2023	$ 12,164
2024	12,659
2025	13,175
2026	13,712
2027	14,271
Thereafter	432,093
	$ 498,074

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for purpose or time consist of:

	June 30, 2022	June 30, 2021
Expansion to Southwest Florida	$ 1,496,544	$ -
TIL 2:25 program	13,909	113,909
Other	320,142	191,414
EPIC program	-	159,890
CARE portal	-	100,000
	$ 1,830,595	$ 565,213

8. RELATED PARTY TRANSACTIONS:

The following related party transactions occurred between the Organization and organizations affiliated with CCFL:

	Year Ended June 30, 2022	Year Ended June 30, 2021
CCFL-related activity:		
Contributions from related party	$ 23,536	$ 120,000
Expenses to CCFL or its affiliates:		
Interest expense	$ -	$ 117,348
Accrued interest on mortgage notes payable to CCFL	$ -	$ 269,683
Amounts due from CCFL or its affiliates	$ 293	$ 2,835
Amounts due to CCFL or its affiliates	$ -	$ 3,287

CCFL has facilitated the acquisition of the Organization's properties and holds the related mortgage notes payable totaling $0 and $1,955,771 for the years ended June 30, 2022 and 2021, respectively. The notes were set at market rates at the time of acquisition.

Effective October 26, 2020, the CCFL board of directors passed a resolution to forgive the mortgage notes payable. Forgiveness in the amount of $1,955,771 occurred during the year ended June 30, 2022 (see Note 6).

9. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Section 403(b) Retirement Savings Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of 50% of employee voluntary contributions up to 3% of salary. For the years ended June 30, 2022 and 2021, the Organization made contributions of $88,489 and $64,794, respectively, to the Plan.

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 22, 2023, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

We have audited the consolidated financial statements of 4KIDS of South Florida, Inc. and Subsidiaries as of and for the years ended June 30, 2022 and 2021, and our report thereon dated March 22, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 22-23 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and State of Florida Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
March 22, 2023

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4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal/CFSA Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
State of Florida Foster Care Services Cluster:					
Passed through from ChildNet, Inc.:			PJT21-Broward		
Temporary Assistance for Needy Families	93.558			-	$ 328
Foster Care Title IV-E	93.658			-	309,875
Adoption Assistance	93.659			-	23,704
Social Service Block Grant	93.667			-	54,900
					388,807
Passed through from ChildNet, Inc.:			PPJ21-Palm Beach		
Temporary Assistance for Needy Families	93.558			-	434
Foster Care Title IV-E	93.658			-	354,616
Adoption Assistance	93.659			-	31,329
Social Service Block Grant	93.667			-	56,850
					443,229
Total passed through from ChildNet, Inc.					832,036

(continued)

See notes to schedule of expenditures of federal awards and state financial assistance

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal/CFSA Assistance Listing Number	Agreement Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES, continued:					
State of Florida Foster Care Services Cluster, continued:					
Passed through from Communities Connected for Kids, Inc.:			CCK22-106		
Temporary Assistance for Needy Families	93.558			-	263
Foster Care Title IV-E	93.658			-	206,366
Adoption Assistance	93.659			-	19,014
					225,643
Total State of Florida Foster Care Services Cluster					1,057,679
Total Expenditures of Federal Awards					$ 1,057,679
STATE PROJECTS:					
Passed through from ChildNet, Inc.:					
Child Welfare Out-of-Home Supports	60.074		PJT21-Broward	-	$ 334,269
Child Welfare Out-of-Home Supports	60.074		PPJ21-Palm Beach	-	433,347
Child Welfare Out-of-Home Supports	60.074		CCK22-106	-	183,225
					950,841
4KIDS of Florida Foster Parent Recruitment Project	60.173	IJ711		-	750,000
Total State Financial Assistance					$ 1,700,841
Total Expenditures of Federal Awards and State Financial Assistance					$ 2,758,520

See notes to schedule of expenditures of federal awards and state financial assistance

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

June 30, 2022

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal grant and state grant activity of 4KIDS of South Florida, Inc. and Subsidiaries (Organization) under programs of the federal government and State of Florida for the year ending June 30, 2022. The information in the schedule is presented in accordance with the requirements of the 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*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements. Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. If the Organization is required to match certain federal or state assistance, as defined by the grant agreements, no such matching has been included as expenditures in the schedule.

2. INDIRECT COST RATE:

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO FINANCIAL STATEMENTS:

The amount of total expenditures of federal awards reconciles to the revenue in the consolidated statement of activities as follows:

Total expenditures of federal awards	$	1,057,679
Plus:		
State of Florida Projects		1,700,841
Medicaid reimbursements not subject to Uniform Guidance audit requirements		526,533
Other reconciling items		10,691
Government funding per consolidated statement of activities	$	3,295,744

4. SUBRECIPIENTS, NON-CASH ASSISTANCE, FEDERAL INSURANCE, LOANS, AND LOAN GUARANTEES:

The Organization did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

CAPINCROUSE LLP

INDEPENDENT AUDITORS' 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
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, 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 4KIDS of South Florida, Inc. and Subsidiaries (Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a 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 were not identified.

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Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 noncompliance 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Capin Crouse LLP

Lawrenceville, Georgia
March 22, 2023

CAPINCROUSE LLP

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

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project
Opinion on Each Major Federal Program and State Financial Assistance Project
We have audited 4KIDS of South Florida, Inc. and Subsidiaries' (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Florida *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended June 30, 2022. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 4KIDS of South Florida, Inc. and Subsidiaries 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 financial assistance projects for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project
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; and 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 the audit requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650 are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state financial assistance projects.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the **Organization's** compliance based on our audit. 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, *Government Auditing Standards,* the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the **Organization's** compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* the Uniform Guidance and Chapter 10.650, we:

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

- Identify and assess the risks of material noncompliance, 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 **Organization's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the **Organization's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the **effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.**

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Report on 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, noncompliance with a type of compliance requirement of a federal program 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 noncompliance with a type of compliance requirement of a federal program or state financial assistance 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 financial assistance 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 *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

Caplin Crouse LLP

Lawrenceville, Georgia
March 22, 2023

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Schedule of Findings and Questioned Costs

June 30, 2022

Section I - Summary of Audit Results

Consolidated Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ____ yes ✔ none reported

Noncompliance material to consolidated financial statements noted? ____ yes ✔ no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? ____ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ____ yes ✔ none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR Part 200.516(a)? ____ yes ✔ no

Identification of major program(s):

Assistance Listing Numbers	Name of Federal Program or Cluster
Various	State of Florida Foster Care Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ✔ yes ____ no

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Schedule of Findings and Questioned Costs

June 30, 2022

Section I - Summary of Audit Results, continued

Florida State Awards:

Internal control over major programs:

- Material weakness(es) identified? ____ yes ✔ no
- Significant deficiency(ies) identified that are not considered a material weakness? ____ yes ✔ none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with Chapter 10.650? ____ yes ✔ no

Identification of major program(s):

CFSA Numbers	Name of State Project or Cluster
60.173	4KIDS of Florida Foster Parent Recruitment Project

Dollar threshold used to distinguish between type A and type B programs: $510,252

Auditee qualified as low-risk auditee? ✔ yes ____ no

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Schedule of Findings and Questioned Costs

June 30, 2022

Section II - Financial Statement Findings

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards.*

Section III - Federal Award Findings and Questioned Costs

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Section IV - State Financial Assistance Projects Findings and Questioned Costs

There are no current findings that were considered material instances of noncompliance in accordance with Florida Statute Chapter 10.650, *Rules of the Auditor General.*

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Auditee Summary Schedule of Prior Audit Findings

June 30, 2022

Financial Statement Findings

There were no prior audit findings in internal control over financial reporting.

Federal Award Findings

There were no prior audit findings or questioned costs.

State Award Findings

There were no prior audit findings or questioned costs for the Florida state financial assistance projects.

CAPINCROUSE LLP

MANAGEMENT LETTER

March 22, 2023

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

In planning and performing our audit of the consolidated financial statements of 4KIDS of South Florida, Inc. and Subsidiaries for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

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.

Professional standards define a material weakness and a significant deficiency as follows:

> 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 organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.
>
> A significant deficiency is a deficiency, or a 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 comments concerning internal control and other significant matters are presented as follows:

- Audit Committee Matters

This communication is intended solely for the information and use of management, the board of directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We will be pleased to further discuss these matters with you and want to express our sincere appreciation to the staff for the cooperation and assistance received during the audit engagement and for the opportunity to serve 4KIDS of South Florida, Inc. and Subsidiaries.

Sincerely yours,

Capin Crouse LLP

CAPIN CROUSE LLP