FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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MKA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Family Support Services of Suncoast, LLC
Largo, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Support Services of Suncoast, LLC (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Support Services of Suncoast, LLC as of June 30, 2024 and 2023, and the changes in its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Support Services of Suncoast, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Support Services of Suncoast, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services of Suncoast, LLC's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 schedule of expenditures of federal awards and state financial assistance 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 December 10, 2024, on our consideration of Family Support Services of Suncoast, LLC'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 Family Support Services of Suncoast, LLC'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 Family Support Services of Suncoast LLC's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC LLC

Winter Park, Florida
December 10, 2024

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENTS OF FINANCIAL POSITION (DEFICIT)

YEARS ENDED JUNE 30, 2024 AND 2023

ASSETS

CURRENT ASSETS	**2024**	**2023**
Cash and cash equivalents	$ 7,857,153	$ 14,176,029
Accounts receivable	1,778,386	1,632,230
Prepaid expenses	42,119	-
TOTAL CURRENT ASSETS	9,677,658	15,808,259
Property and equipment, net	2,300,414	831,350
Other non-current assets	-	71,000
Deposits	45,000	20,000
Operating lease right-of-use asset	13,316,307	14,310,668
TOTAL NON-CURRENT ASSETS	15,661,721	15,233,018
TOTAL ASSETS	$ 25,339,379	$ 31,041,277

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 5,760,858	$ 6,674,048
Due to Family Support Services of North Florida, Inc.	854,304	271,068
Refundable advances	3,296,765	9,963,925
Operating lease liability	1,083,965	904,182
TOTAL CURRENT LIABILITIES	10,995,892	17,813,223
Non-current operating lease liability	12,475,506	13,442,198
TOTAL LIABILITIES	23,471,398	31,255,421
NET ASSETS (DEFICIT)		
Without donor restrictions	1,777,599	(308,059)
With donor restrictions	90,382	93,915
TOTAL NET ASSETS (DEFICIT)	1,867,981	(214,144)
TOTAL LIABILITIES AND NET ASSETS	$ 25,339,379	$ 31,041,277

The accompanying notes are an integral part of these financial statements.

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENT OF ACTIVITIES (DEFICIT)

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
State and federal support	$ 137,743,416	$ -	$ 137,743,416
Local support	913,131	8,944	922,075
Total public support	138,656,547	8,944	138,665,491
Revenues			
Contributed non-financial assets	65,220	-	65,220
Other income	10,257	-	10,257
Total support and revenues before net assets released from restrictions	138,732,024	8,944	138,740,968
Net assets released from restrictions - satisfaction of purpose restrictions	12,477	(12,477)	-
Total revenue and other support	138,744,501	(3,533)	138,740,968
EXPENSES			
Program services			
Child welfare services	134,089,298	-	134,089,298
Total program services	134,089,298	-	134,089,298
Supporting services			
General and administrative	2,569,545	-	2,569,545
Total supporting services	2,569,545	-	2,569,545
Total expenses	136,658,843	-	136,658,843
Changes in net assets	2,085,658	(3,533)	2,082,125
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(308,059)	93,915	(214,144)
NET ASSETS, END OF YEAR	$ 1,777,599	$ 90,382	$ 1,867,981

The accompanying notes are an integral part of these financial statements.

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENT OF ACTIVITIES (DEFICIT)

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
State and federal support	$ 131,461,178	$ -	$ 131,461,178
Local support	824,246	19,113	843,359
Total public support	132,285,424	19,113	132,304,537
Revenues			
Contributed non-financial assets	11,628	-	11,628
Other income	11,840	-	11,840
Total support and revenues before net assets released from restrictions	132,308,892	19,113	132,328,005
Net assets released from restrictions - satisfaction of purpose restrictions	17,561	(17,561)	-
Total revenue and other support	132,326,453	1,552	132,328,005
EXPENSES			
Program services			
Child welfare services	129,509,318	-	129,509,318
Total program services	129,509,318	-	129,509,318
Supporting services			
General and administrative	2,399,211	-	2,399,211
Total supporting services	2,399,211	-	2,399,211
Total expenses	131,908,529	-	131,908,529
Changes in net assets	417,924	1,552	419,476
NET ASSETS (DEFICIT), BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	(2,153,075)	92,363	(2,060,712)
PRIOR PERIOD ADJUSTMENT	1,427,092	-	1,427,092
NET ASSETS (DEFICIT), BEGINNING OF YEAR, AS RESTATED	(725,983)	92,363	(633,620)
NET ASSETS (DEFICIT), END OF YEAR	$ (308,059)	$ 93,915	$ (214,144)

The accompanying notes are an integral part of these financial statements.

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services	
	Child Welfare Services	General and Administrative	Total
Salaries and related expenses			
Salaries	$ 19,291,660	$ 1,728,251	$ 21,019,911
Payroll taxes and benefits	5,084,223	332,669	5,416,892
Total salaries and related expenses	24,375,883	2,060,920	26,436,803
Occupancy			
Rent	2,193,330	97,741	2,291,071
Office space services	8,940	-	8,940
Telephone and data lines	23,328	1,150	24,478
Repairs and maintenance	32,580	7,967	40,547
Office equipment	5,111	78,097	83,208
Depreciation	309,681	-	309,681
Total occupancy	2,572,970	184,955	2,757,925
Operating expenses			
Professional services	194,867	53,990	248,857
Contributed non-financial expenses	65,220	-	65,220
Licenses	9,350	1,359	10,709
Liability insurance	772,513	-	772,513
Printing and publications	5,028	3,157	8,185
Postage	1,279	15,520	16,799
Office supplies	1,978,583	99,238	2,077,821
Professional development	26,573	36,864	63,437
Employee expenses	225,674	37,592	263,266
Advertising	179,383	-	179,383
Dues and subscriptions	21,001	16,704	37,705
Staff recruiting	2,092	-	2,092
Staff travel	462,473	51,137	513,610
Staff cell phones	179,698	7,622	187,320
Vehicle expenses	64,161	487	64,648
Other expenses	160,537	-	160,537
Total operating expenses	4,348,432	323,670	4,672,102
Contract services			
Contract professional services	28,675,005	-	28,675,005
Client training services	365,492	-	365,492
Direct client assistance	2,059,868	-	2,059,868
Provider services - direct support (FSFN)	71,691,648	-	71,691,648
Total contract services	102,792,013	-	102,792,013
TOTAL EXPENSES	$ 134,089,298	$ 2,569,545	$ 136,658,843

The accompanying notes are an integral part of these financial statements.

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services	
	Child Welfare Services	General and Administrative	Total
Salaries and related expenses			
Salaries	$ 16,898,978	$ 1,330,351	$ 18,229,329
Payroll taxes and benefits	4,031,013	312,222	4,343,235
Total salaries and related expenses	20,929,991	1,642,573	22,572,564
Occupancy			
Rent	1,574,015	81,391	1,655,406
Office space services	331,380	-	331,380
Telephone and data lines	93,256	2,217	95,473
Repairs and maintenance	10,522	69	10,591
Office equipment	58,827	1,517	60,344
Depreciation	57,024	-	57,024
Total occupancy	2,125,024	85,194	2,210,218
Operating expenses			
Professional services	220,162	37,068	257,230
Contributed non-financial expenses	11,628	-	11,628
Licenses	29,053	2,302	31,355
Liability insurance	13,878	491,677	505,555
Printing and publications	10,751	1,169	11,920
Postage	23,952	1,882	25,834
Office supplies	2,055,340	55,080	2,110,420
Professional development	52,064	21,736	73,800
Employee expenses	213,602	597	214,199
Advertising	155,711	-	155,711
Dues and subscriptions	30,500	17,229	47,729
Staff recruiting	20,408	-	20,408
Staff travel	406,649	34,875	441,524
Staff cell phones	165,845	7,829	173,674
Vehicle expenses	51,072	-	51,072
Other expenses	17,561	-	17,561
Total operating expenses	3,478,176	671,444	4,149,620
Contract services			
Contract professional services	30,080,530	-	30,080,530
Client training services	689,592	-	689,592
Direct client assistance	2,116,392	-	2,116,392
Provider services - direct support (FSFN)	70,089,613	-	70,089,613
Total contract services	102,976,127	-	102,976,127
TOTAL EXPENSES	$ 129,509,318	$ 2,399,211	$ 131,908,529

The accompanying notes are an integral part of these financial statements.

FAMILY SUPPORT SERVICES OF SUNCOAST, LLC

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 2,082,125	$ 1,846,568
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	309,681	57,024
Non-cash rent	207,452	35,712
Changes in operating assets and liabilities:		
Accounts receivable	(146,156)	(1,204,429)
Due from DCF	-	2,012,727
Prepaid expenses	(42,119)	9,966
Deposits	(25,000)	-
Accounts payable and accrued expenses	(913,190)	1,541,221
Due to Family Support Services of North Florida, Inc.	583,236	(92,051)
Refundable advances	(6,667,160)	8,936,827
Cash provided by (used in) operating activities	(4,611,131)	13,143,565
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,778,745)	(836,766)
Redemption of non-current assets	71,000	-
Purchase of non-current assets	-	(71,000)
Cash used in investing activities	(1,707,745)	(907,766)
Increase (decrease) in cash and cash equivalents	(6,318,876)	12,235,799
Cash and cash equivalents, beginning of year	14,176,029	1,940,230
Cash and cash equivalents, end of year	$ 7,857,153	$ 14,176,029
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASES		
Operating lease right-of-use asset	$ 158,868	$ 14,518,344
Operating lease liability	$ (158,868)	$ (14,518,344)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND OPERATIONS

Family Support Services of Suncoast, LLC (the "Organization") became a private not-for-profit limited liability company under the laws of the State of Florida on December 10, 2021. The Organization acts as lead agency in providing protective services for children and their families in Pasco and Pinellas counties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

   The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

2. Use of Estimates

   The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes there in, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of depreciable assets, fair value measurements of investments, accrual of compensated absences, and the allocation of functional expenses.

3. Cash and Cash Equivalents

   Cash and cash equivalents includes cash and all highly liquid investments with an original maturity of 90 days or less.

4. Accounts Receivable

   Accounts receivable consist primarily of grant revenues earned but not received and are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors to meet their obligations.

   Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management considers all receivables to be fully collectible; therefore no allowance has been made.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expenses as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

6. Net Assets

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

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

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

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

7. Revenue Recognition

Program services fees are accounted for under ASU 2014-09, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of the products had occurred, the sales price was fixed or determinable and was reasonably assured.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Revenue Recognition (continued)

A significant portion of the Organization's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

8. Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentage of time spent in each functional area. Rent and utilities are allocated based on square footage and insurance and equipment leases are allocated based on the number of full-time equivalent positions. Depreciation is allocated based on specific department or program that utilizes the equipment. Office equipment, office supplies, general postage and printing, certain professional fees and information technology are allocated based on a fixed percentage.

9. Advertising

The Organization used advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2024 and 2023, advertising costs totaled $179,383 and $155,711, respectively.

10. Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, Family Support Services of Suncoast, LLC is exempt from tax on income other than unrelated business income. No unrelated business income has been identified.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest, penalties, accounting in interim periods, disclosure and transition. As of June 30, 2024 and 2023, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

11. Reclassifications

Certain reclassifications were made to prior period balances to conform with current year presentation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 10, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The Organization entered into a lease agreement in July 2024. See Note 10.

13. Recent Accounting Pronouncements

Implemented:

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842), that requires lessees to put most leases on their statement of financial position and recognize expenses on their statement of activities in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Organization adopted ASC 842 effective July 1, 2022 using the optional transition method. See Note 10 for a summary of the Organization's operating lease assets and liabilities.

Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments - Credit Losses* (ASC 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The adoption had no significant impact on the Organization's financial statements.

NOTE 3 – FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents and accounts receivable to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date because of contractual or donor-imposed restrictions.

	2024	2023
Total assets at year end	$ 25,339,379	$ 31,041,277
Less non-financial assets		
Prepaid expenses	(42,119)	-
Property and equipment, net	(2,300,414)	(831,350)
Deposits	(45,000)	(20,000)
Operating lease right-of-use asset	(13,316,307)	(14,310,668)
Financial assets available to meet cash needs for general expenditures within one year	$ 9,635,539	$ 15,879,259

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	2024	2023
Grants receivable	$ 1,731,665	$ 1,591,048
Trade	46,721	41,182
Total accounts receivable	$ 1,778,386	$ 1,632,230

There was no bad debt expense for the years ended June 30, 2024 and 2023.

NOTE 5 – PROPERTY AND EQUIPMENT

Components of property and equipment consist of the following as of June 30:

	Estimated Useful Lives (in years)	2024	2023
Vehicles	5	$ 1,130,253	$ 368,700
Furniture and equipment	10	1,541,557	-
Construction in progress		-	524,366
		2,671,810	893,066
Less accumulated depreciation		(371,396)	(61,716)
Total property and equipment, net		$ 2,300,414	$ 831,350

Depreciation expense was $309,681 and $57,024 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 – INVESTMENT IN COMMUNITY BASED CARE INTEGRATED HEALTH, LLC

During 2023, the Organization purchased one (1) Class C unit in Community Based Care Integrated Health, LLC (Integrated Health). Integrated Health is a Florida limited liability company engaged in the child welfare managed care business throughout Florida. The Organization provided child welfare and health services under the contract during the year ended June 30, 2023. The Organization's investment in the Partnership is valued at its original cost, which approximates fair value, of $71,000 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

NOTE 6 – INVESTMENT IN COMMUNITY BASED CARE INTEGRATED HEALTH, LLC (continued)

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled $71,000 as of June 30, 2023. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount.

During 2024, the Organization redeemed the investment of $71,000.

NOTE 7 – NET ASSETS

A summary of net assets with donor restrictions is as follows:

	2024	2023
Purpose restricted		
Foster Angels program	$ 34,986	$ 42,594
Adoption programs	20,000	20,125
Rays Foundation program	10,189	10,189
Prevention programs	9,299	9,273
Hope Room program	8,888	816
Foster parents programs	7,020	10,918
Total net assets with purpose restrictions	$ 90,382	$ 93,915

A summary of the releases of donor restrictions is as follows:

	2024	2023
Purpose restricted		
Foster Angels program	$ 8,108	$ 2,164
Foster parents programs	3,548	9,688
Hope Room program	626	1,849
Adoption programs	195	3,860
Total releases of net assets with donor restrictions	$ 12,477	$ 17,561

NOTE 8 – REVENUE

The Organization is recognizing revenue at a point in time for its program service fee revenue. There are no outstanding performance obligations to be satisfied at June 30, 2024 and 2023. There is no program service fee revenue for the years ended June 30, 2024 and 2023.

Disaggregated Revenue

100% of the Organization's revenue for the years ended June 30, 2024 and 2023, is from non-exchange transactions through grants and contracts with government agencies.

The Organization's customers are primarily the general public located in Pasco and Pinellas counties in the Florida portion of the United States of America and government agencies.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with financial institutions in excess of the FDIC limit of $250,000 by $10,091,736 and $14,091,307 at June 30, 2024 and 2023, respectively.

The Organization receives a substantial amount of support from federal, state, and local government agencies. A reduction in the level of future support from the state or local government agencies could have substantial effect on the Organization's programs and activities.

NOTE 10 – COMMITMENTS

Operating Leases

As disclosed in Note 2-13, the Organization adopted ASC 842, *Leases*, effective July 1, 2022, using the optional transition method. The Organization leases building space under three operating leases which were required to be included on the statement of financial position under ASC 842.

As of June 30, 2024, the operating lease right of use (ROU) asset had a balance of $13,316,307, as shown in noncurrent assets on the statement of financial position; the operating lease liability is included in current liabilities ($1,083,965) and long-term liabilities ($12,475,506). The operating lease asset and liability were calculated utilizing the weighted average risk-free discount rate (6.57%), according to the Organization's elected policy. The operating leases have a weighted average remaining life of ten years.

NOTE 10 – COMMITMENTS (continued)

Additional information about the Organization's leases are as follows:

Lease costs (included in rent):	
Operating lease cost	$ 2,016,231
Total lease cost	$ 2,016,231
Other information:	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	$ 1,808,779
Total cash paid for amounts included in measuring operating lease liabilities	$ 1,808,779
Maturities of operating lease liabilities as of June 30, 2024:	
Years ending June 30:	
2025	$ 1,888,522
2026	1,893,516
2027	1,898,951
2028	1,947,186
2029	1,996,401
Thereafter	8,128,518
Total lease payments	17,753,094
Less: interest	(4,193,623)
Present value of operating lease liability	$ 13,559,471

On July 1, 2024, subsequent to the end of the reporting period, the Organization entered into a building lease. The lease has a 60-month term, with monthly payments of $6,237. In accordance with ASC 842, the Organization will recognize a right-of-use asset and a corresponding lease liability on its statement of financial position for this new lease agreement. The right-of-use asset and lease liability will be measured based on the present value of the lease payments, discounted using the Organization's risk-free discount rate (6.64%) which totaled $314,740.

Contingencies

Grants and contracts require the fulfillment of certain conditions set forth in the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the possibility remains, management deems the contingency remote as, by accepting awards and their terms, it has accommodated the objectives of the Organization to the provisions of the grant.

The Organization's contract with the State of Florida, Department of Children and Families (DCF) is approximately 99% of the Organization's total revenue for the years ended June 30, 2024 and 2023.

NOTE 10 – COMMITMENTS (continued)

On January 1, 2022, the Organization entered into contract QJ014 with the Florida Department of Children and Families with a service period through June 30, 2027.

The Organization, in the normal course of business, is subject to claims and litigation. Although the ultimate disposition of these legal matters cannot be predicted with certainty, it is the present opinion of the Organization's management that the outcome of the current litigation will not have material effect on the financial condition of the Organization.

NOTE 11 – DEFINED CONTRIBUTION PROGRAM

The Organization sponsors a defined contribution plan (the Plan) covering substantially all employees. The Organization makes a contribution to the Plan each year equal to 3% of each participants' compensation. Total expense for the years ended June 30, 2024 and 2023 was $550,911 and $460,959, respectively.

NOTE 12 – CONTRIBUTED NON-FINANCIAL ASSETS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have to be purchased by the Organization. Volunteers also provide many program related services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated supplies are recorded at their fair market values on the date of receipt by the Organization. A corresponding amount is recorded as expense.

For the years ended June 30, 2024 and 2023, contributed non-financial assets recognized within the statements of activities included supplies of $65,220 and $11,628, respectively.

NOTE 13 – LINE OF CREDIT

The Organization obtained a Line of Credit (LOC) during 2023 for $2,000,000 with a financial institution which was amended during 2024 to increase the amount to $12,000,000 and extend the maturity date to April 28, 2025. The LOC bears interest at the Index Rate plus a percentage per annum equal to 2.5% and is collateralized by all accounts receivable. The LOC was unused at June 30, 2024.

NOTE 14 – ADJUSTMENT TO NET ASSETS

The Organization's financial statements as of June 30, 2024 contained an adjustment to beginning net assets relating to several balance sheet accounts. The adjustment was not considered significant to total assets and total revenue of the Organization. The following is a summary of the accounts adjusted and the total impact to beginning net assets:

Net Asset Classification	As previously recorded	Adjustment	As restated
Assets:			
Deposits and other	$ 14,215,709	$ (39,680)	$ 14,176,029
Accounts receivable	729,746	902,484	1,632,230
Total Assets	$ 14,945,455	$ 862,804	$ 15,808,259
Liabilities:			
Accounts payable and accrued expenses	$ 6,603,699	$ 70,349	$ 6,674,048
Refundable advances	10,598,562	(634,637)	9,963,925
Total Liabilities	$ 17,202,261	$ (564,288)	$ 16,637,973
Net asset without donor restrictions:			
Beginning of year	$ (2,153,075)	$ 1,427,092	$ (725,983)