

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

ABE BROWN MINISTRIES, INC.

December 31, 2020

## TABLE OF CONTENTS

|   |         |
|---|---------|
| Independent Auditors' Report  | 3 - 4   |
| Financial Statements  |         |
| Statement of Financial Position   | 5       |
| Statement of Activities and Changes in Net Assets   | 6       |
| Statement of Cash Flows   | 7       |
| Statement of Functional Expenses  | 8       |
| Notes to Financial Statements   | 9 - 16  |
| Supplementary Information   | 17      |
| Schedule of Expenditures of State Financial Assistance  | 18      |
| Notes to Schedule of Expenditures of State Financial Assistance   | 19      |
| Regulatory Reports  | 20      |
| 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 <i>Government Auditing Standards</i> | 21 - 23 |
| Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance as Required by Chapter 10.650, <i>Rules of the Auditor General</i>                                 | 24 - 26 |
| Schedule of Findings and Questioned Costs   | 27      |
| Management Letter   | 28 - 29 |



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Abe Brown Ministries, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Abe Brown Ministries, Inc. (a nonprofit organization) (the "Ministries"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministries as of December 31, 2020, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Abe Brown Ministries, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

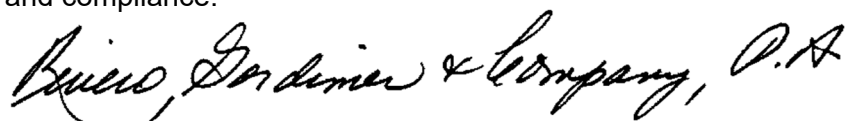
### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Ministries taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, is presented for the purpose of additional analysis as required by Chapter 10.650, *State of Florida Rules of the Auditor General*, and is not a required part of the basic 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, including comparing and reconciling such information directly to the underlying accounting 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 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 May 20, 2021, on our consideration of the Ministries' 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 Abe Brown Ministries, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ministries' internal control over financial reporting and compliance.



Tampa, Florida  
May 20, 2021

Abe Brown Ministries, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2020  
(With comparative total for December 31, 2019)

|  | Without donor<br>restrictions | With donor<br>restrictions | Total<br>2020       | Total<br>2019       |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| <b>ASSETS</b>  |                               |                            |                     |                     |
| <b>CURRENT ASSETS</b>  |                               |                            |                     |                     |
| Cash and cash equivalents (notes A4 and A13)                             | \$ 810,152                    | \$ -                       | \$ 810,152          | \$ 336,826          |
| Grants receivable (note A5)  | 195,434                       | -                          | 195,434             | 226,848             |
| Pledges receivable (note D)  | 1,970                         | -                          | 1,970               | 2,140               |
| Total current assets   | 1,007,556                     | -                          | 1,007,556           | 565,814             |
| Property and equipment, net of accumulated depreciation (notes A7 and C) | 737,843                       | -                          | 737,843             | 796,474             |
| Other  | 23,500                        | -                          | 23,500              | 23,500              |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,768,899</b>           | <b>\$ -</b>                | <b>\$ 1,768,899</b> | <b>\$ 1,385,788</b> |
| <b>LIABILITIES AND NET ASSETS</b>  |                               |                            |                     |                     |
| <b>CURRENT LIABILITIES</b>   |                               |                            |                     |                     |
| Accounts payable and other liabilities                                   | \$ 34,936                     | \$ -                       | \$ 34,936           | \$ 49,695           |
| Refundable advances (note A8)  | -                             | -                          | -                   | 22,000              |
| Total current liabilities  | 34,936                        | -                          | 34,936              | 71,695              |
| LONG-TERM DEBT (note E)  | 149,900                       | -                          | 149,900             | -                   |
| Total liabilities  | 184,836                       | -                          | 184,836             | 71,695              |
| <b>NET ASSETS (note I)</b>   |                               |                            |                     |                     |
| Without donor restrictions   | 1,584,063                     | -                          | 1,584,063           | 1,314,093           |
|  | 1,584,063                     | -                          | 1,584,063           | 1,314,093           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                  | <b>\$ 1,768,899</b>           | <b>\$ -</b>                | <b>\$ 1,768,899</b> | <b>\$ 1,385,788</b> |

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2020  
(With comparative total for December 31, 2019)

|   | Without donor<br>restrictions | With donor<br>restrictions | Total<br>2020       | Total<br>2019       |
|---|-------------------------------|----------------------------|---------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>   |                               |                            |                     |                     |
| Public support  |                               |                            |                     |                     |
| Contributions   | \$ 322,409                    | \$ 48,643                  | \$ 371,052          | \$ 240,273          |
| Grants from governmental agencies   |                               |                            |                     |                     |
| Federal   | 50,000                        | -                          | 50,000              | 83,105              |
| State   | 878,627                       | -                          | 878,627             | 1,157,529           |
| Local   | 159,974                       | -                          | 159,974             | 176,113             |
| Special events, net of direct expenses<br>of \$17,709                         | 17,346                        | -                          | 17,346              | 133,382             |
| Total public support and revenue  | <u>1,428,356</u>              | <u>48,643</u>              | <u>1,476,999</u>    | <u>1,790,402</u>    |
| <b>OTHER REVENUE</b>  |                               |                            |                     |                     |
| Program service revenue   | 66,352                        | -                          | 66,352              | 90,721              |
| Loss on sale of fixed assets  | -                             | -                          | -                   | (19,265)            |
| Interest income and other   | 2,596                         | -                          | 2,596               | 5,937               |
| Gain on debt forgiveness  | 179,937                       | -                          | 179,937             | -                   |
|   | <u>248,885</u>                | <u>-</u>                   | <u>248,885</u>      | <u>77,393</u>       |
| Net assets released from restrictions   | <u>48,643</u>                 | <u>(48,643)</u>            | <u>-</u>            | <u>-</u>            |
| Total public support and revenue and<br>net assets released from restrictions | <u>1,725,884</u>              | <u>-</u>                   | <u>1,725,884</u>    | <u>1,867,795</u>    |
| <b>EXPENSES</b>   |                               |                            |                     |                     |
| Program expenses  |                               |                            |                     |                     |
| Ready4Work  | 936,207                       | -                          | 936,207             | 1,173,118           |
| Transition services   | 259,398                       | -                          | 259,398             | 312,473             |
| Total program services  | <u>1,195,605</u>              | <u>-</u>                   | <u>1,195,605</u>    | <u>1,485,591</u>    |
| Supporting services   |                               |                            |                     |                     |
| Management and general  | 190,508                       | -                          | 190,508             | 232,948             |
| Fundraising and development   | 69,801                        | -                          | 69,801              | 97,620              |
| Total supporting services   | <u>260,309</u>                | <u>-</u>                   | <u>260,309</u>      | <u>330,568</u>      |
| Total expenses  | <u>1,455,914</u>              | <u>-</u>                   | <u>1,455,914</u>    | <u>1,816,159</u>    |
| CHANGE IN NET ASSETS  | 269,970                       | -                          | 269,970             | 51,636              |
| Net assets at beginning of year   | <u>1,314,093</u>              | <u>-</u>                   | <u>1,314,093</u>    | <u>1,262,457</u>    |
| Net assets at end of year   | <u>\$ 1,584,063</u>           | <u>\$ -</u>                | <u>\$ 1,584,063</u> | <u>\$ 1,314,093</u> |

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020  
(With comparative total for December 31, 2019)

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities  |                   |                   |
| Change in net assets  | \$ 269,970        | \$ 51,636         |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |                   |                   |
| Depreciation  | 58,631            | 84,840            |
| Gain on debt forgiveness  | (179,937)         | -                 |
| Loss on sale of fixed assets  | -                 | 19,265            |
| Decrease in pledges receivable  | 170               | 11,880            |
| Decrease (increase) in accounts receivable  | 31,414            | (49,374)          |
| Decrease in prepaid expenses  | -                 | 1,260             |
| (Decrease) increase in accounts payable and other liabilities                                     | (14,759)          | 31,202            |
| (Decrease) in refundable advances   | (22,000)          | (126,975)         |
| Total adjustments   | <u>(126,481)</u>  | <u>(27,902)</u>   |
| Net cash provided by operating activities   | <u>143,489</u>    | <u>23,734</u>     |
| Cash flows from investing activities  |                   |                   |
| Purchases of fixed assets   | -                 | (51,447)          |
| Net cash used by investing activities   | <u>-</u>          | <u>(51,447)</u>   |
| Cash flows from financing activities  |                   |                   |
| Proceeds from note payable- PPP   | 179,937           | -                 |
| Proceeds from note payable- EIDL  | 149,900           | -                 |
| Net cash provided by financing activities   | <u>329,837</u>    | <u>-</u>          |
| Net change in cash and cash equivalents   | 473,326           | (27,713)          |
| Cash and cash equivalents at beginning of year  | <u>336,826</u>    | <u>364,539</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 810,152</u> | <u>\$ 336,826</u> |
| Supplemental disclosures of cash flow information   |                   |                   |
| Cash paid during the year   |                   |                   |
| Interest  | <u>\$ 3,855</u>   | <u>\$ 731</u>     |
| Taxes   | <u>\$ -</u>       | <u>\$ -</u>       |

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020  
(With comparative total for December 31, 2019)

|  | Program Services |                        |                              | Supporting Services          |                                   | Total<br>2020 | Total<br>2019 |
|--|------------------|------------------------|------------------------------|------------------------------|-----------------------------------|---------------|---------------|
|  | Ready4Work       | Transition<br>Services | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising<br>and<br>Development |               |               |
| Salaries   | \$ 408,917       | \$ 105,527             | \$ 514,444                   | \$ 105,526                   | \$ 39,573                         | \$ 659,543    | \$ 765,341    |
| Payroll taxes                                      | 32,759           | 8,454                  | 41,213                       | 8,454                        | 3,170                             | 52,837        | 62,227        |
| Employee benefits                                  | 29,002           | 7,484                  | 36,486                       | 7,484                        | 2,807                             | 46,777        | 46,065        |
| Total salaries and related expenses                | 470,678          | 121,465                | 592,143                      | 121,464                      | 45,550                            | 759,157       | 873,633       |
| Advertising  | 2,816            | 1,923                  | 4,739                        | -                            | -                                 | 4,739         | 14,346        |
| Communications                                     | 14,104           | 4,771                  | 18,875                       | 9,018                        | 850                               | 28,743        | 33,377        |
| Contract labor                                     | 21,616           | -                      | 21,616                       | 10,695                       | -                                 | 32,311        | 47,137        |
| Data system  | 14,196           | -                      | 14,196                       | -                            | -                                 | 14,196        | 29,344        |
| Direct client services                             | 296,069          | 33                     | 296,102                      | -                            | -                                 | 296,102       | 380,104       |
| Dues and subscriptions                             | 1,159            | 1,495                  | 2,654                        | 885                          | 885                               | 4,424         | 4,111         |
| Facility food cost                                 | 1,715            | 1,771                  | 3,486                        | -                            | 3,582                             | 7,068         | 17,299        |
| Financial assistance                               | -                | 669                    | 669                          | -                            | -                                 | 669           | 5,138         |
| Gifts  | 1,266            | 1,296                  | 2,562                        | 879                          | -                                 | 3,441         | 8,863         |
| Insurance  | 26,330           | 48,976                 | 75,306                       | 8,367                        | -                                 | 83,673        | 89,893        |
| Interest   | 71               | 3,784                  | 3,855                        | -                            | -                                 | 3,855         | 731           |
| Licenses   | -                | -                      | -                            | 132                          | -                                 | 132           | 1,025         |
| Miscellaneous                                      | 6,119            | 528                    | 6,647                        | 13,241                       | 137                               | 20,025        | 32,597        |
| Office supplies                                    | 8,338            | 4,575                  | 12,913                       | 1,130                        | 2,098                             | 16,141        | 17,393        |
| Pest control                                       | 868              | 2,661                  | 3,529                        | 882                          | -                                 | 4,411         | 3,559         |
| Postage  | 2,583            | 1,345                  | 3,928                        | 1,309                        | 2,455                             | 7,692         | 12,544        |
| Printing and copying                               | 1,064            | 875                    | 1,939                        | 342                          | -                                 | 2,281         | 17,520        |
| Professional fees                                  | 6,300            | 19,548                 | 25,848                       | 9,942                        | 9,904                             | 45,694        | 48,508        |
| Repairs and maintenance                            | 3,910            | 14,646                 | 18,556                       | 2,062                        | -                                 | 20,618        | 36,158        |
| Service charges                                    | 1,715            | 995                    | 2,710                        | 677                          | 106                               | 3,493         | 4,988         |
| Travel   | 7,965            | 1,561                  | 9,526                        | 2,711                        | -                                 | 12,237        | 18,925        |
| Training   | 150              | -                      | 150                          | -                            | -                                 | 150           | 2,068         |
| Utilities  | 7,164            | 15,483                 | 22,647                       | 2,082                        | 1,302                             | 26,031        | 29,358        |
| Total expenses before bad<br>debt and depreciation | 896,196          | 248,400                | 1,144,596                    | 185,818                      | 66,869                            | 1,397,283     | 1,728,619     |
| Bad debt expense                                   | -                | -                      | -                            | -                            | -                                 | -             | 2,700         |
| Depreciation                                       | 40,011           | 10,998                 | 51,009                       | 4,690                        | 2,932                             | 58,631        | 84,840        |
| Total expenses                                     | \$ 936,207       | \$ 259,398             | \$ 1,195,605                 | \$ 190,508                   | \$ 69,801                         | \$ 1,455,914  | \$ 1,816,159  |

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

Abe Brown Ministries, Inc., (the "Ministries") is a not-for-profit Florida corporation founded in 1976, whose primary purpose is to provide comprehensive ministries in prisons throughout Florida, offering notable community oriented services and serving as a model participant in a nationwide network of organizations providing similar services. During 2014, the Ministries replicated the nationally recognized Ready4Work program designed to provide holistic workforce training and job placement services through case management, life and job skills training, life-coaching (mentoring), job placement assistance, and data tracking.

2. Basis of Accounting

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Ministries as a whole, and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follow:

- With Donor Restriction - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Ministries to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.
- Without Donor Restriction - Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Contributions received and unconditional promises to give are measured at their fair values at the date of contribution and are reported as increases in net assets. The Ministries reports gifts of cash and other assets as restricted support if they are designated for future periods. Donor restricted net assets are reclassified to without donor restriction net assets when the restriction expires. Accordingly, the financial statements classify all net assets as without donor restriction except those that involve a donor restriction which are classified as with donor restriction.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B for more information on liquidity and availability of assets.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid short-term money market instruments with a maturity of three months or less.

5. Grants Receivable

The Ministries receives support from various State, Federal and local grants. None of the amounts receivable at December 31, 2020 are deemed to be uncollectible. Therefore, no provision for uncollectible amounts has been made in the accompanying financial statements.

6. Beneficial Interest in Assets Held by Others

The Ministries is the beneficiary of a designated fund which is held and administered by The Community Foundation of Tampa Bay, Inc. The transfers of these funds are not irrevocable and variance powers have been granted to the recipient organization; as such, these funds are not recorded by the Ministries. Semi-annual distributions made from this fund are recorded as received. The total value of this fund is approximately \$28,200 at December 31, 2020.

The Ministries is also the beneficiary of a designated fund which is held by the National Christian Foundation and is not recorded by the Ministries. The transfers of these funds are not irrevocable and variance powers have been granted to the recipient organization; as such, these funds are not recorded by the Ministries. The purpose of this endowment is to provide income for perpetuity to the Ministries for its programs and services as directed by the Ministries' Board of Directors. The total value of this fund is approximately \$32,600 at December 31, 2020.

7. Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging generally from 3 to 30 years.

Maintenance and repairs are expensed in the year in which the expense is incurred. Additions and improvements over \$500 are capitalized.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Grant Revenues and Refundable Advances

Revenues from governmental grants are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Support received from governmental agencies in advance of related allowable costs is recorded as refundable advances. Unexpended advances may have to be returned to the awarding agency at the end of the contract term. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required.

9. Functional Allocations of Expenses

The costs of providing the various programs have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Ministries' principal activities comprise:

➤ Ready4Work

The program provides post-release services to formerly incarcerated persons who have been released from a Department of Corrections' facility, no more than one year before entry into the Ready4Work program. The program includes case management, career development, life skills training, life-coaching, family reunification, and job placement services to assist program participants. Ready4Work also includes community supervision and post-release services to formerly incarcerated program participants to help transition back into the community.

➤ Transition Services

The program assists offenders, ex-offenders and their families to achieve productive and fulfilling lives. The Ministries is keenly aware of the struggles that ex-offenders face, therefore providing former incarcerated persons with basic needs (food, shelter, clothing), housing, education, employment, healthcare (especially treatment for substance abuse, mental-health and HIV/AIDS problems) and discipleship.

10. Comparative Information

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ministries' financial statements for the year ended December 31, 2019, from where it was derived.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Contributions

The Ministries receives donated services from a variety of volunteers assisting in various positions. No amounts for volunteer services have been recognized in the accompanying Statement of Activities and Changes in Net Assets since there is no objective basis to measure the value of such services.

12. Advertising

The Ministries' policy is to expense advertising costs as incurred.

13. Concentrations of Credit Risk

Financial instruments that potentially subject the Ministries to concentrations of credit risk consist of cash and cash equivalents. The Ministries manages this risk through the use of high credit worthy financial institutions. Interest bearing and non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor at each financial institution.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Ministries has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses at December 31, 2020:

|  |                          |
|--|--------------------------|
| Cash and cash equivalents  | \$ 810,152               |
| Pledge receivables   | 1,970                    |
| Grant receivables  | <u>195,434</u>           |
|  | 1,007,556                |
| Less:  |                          |
| Amounts unavailable to management without Board's approval:                    |                          |
| Board designated for Life Transformation Community                             | <u>30,232</u>            |
| Total financial assets available to management for expenditure within one year | <u><u>\$ 977,324</u></u> |

The Ministries maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Ministries' has a committed line of credit of \$200,000, which it could draw upon (see note F). Additionally, the Ministries has Board Designated net assets without donor restrictions that, while the Ministries does not intend to spend these for purposes other than identified, the amounts could be made available for current operations if necessary

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

|                               |                   |
|-------------------------------|-------------------|
| Land                          | \$ 111,351        |
| Building and improvements     | 1,141,089         |
| Vehicles                      | 267,533           |
| Furniture and equipment       | 186,874           |
|                               | <u>1,706,847</u>  |
| Less accumulated depreciation | <u>(969,004)</u>  |
|                               | <u>\$ 737,843</u> |

Depreciation expense was \$58,631 for the year ended December 31, 2020.

NOTE D - PLEDGES RECEIVABLE

Pledges receivable are summarized as follows at December 31, 2020:

|  |                 |
|--|-----------------|
| Total unconditional pledges              | \$ 4,070        |
| Less allowance for uncollectible pledges | <u>(2,100)</u>  |
| Net pledges receivable                   | <u>\$ 1,970</u> |

Pledges receivable are reported at the fair value of promises to give that are due in more than one year by discounting expected future cash flows using a discount rate of 3.0%. At December 31, 2020 no promises to give were due in more than one year.

NOTE E- LONG-TERM DEBT

The long-term debt consisted of the following at December 31, 2020:

|   |                   |
|---|-------------------|
| Economic Injury Disaster Loan bears interest at a rate of 2.75%. Payments of \$641 will begin in June 2021, and will be applied to accrued interest first, and the balance if any, will be applied to principal. Collateralized by all business assets. | <u>\$ 149,900</u> |
| Less current maturities   | <u>-</u>          |
| Long-term portion   | <u>\$ 149,900</u> |

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE E- LONG-TERM DEBT - Continued

Annual maturities on long-term det are as follows:

| <u>Year ending December 31,</u> |                   |
|---------------------------------|-------------------|
| 2021                            | \$ -              |
| 2022                            | 2,090             |
| 2023                            | 3,665             |
| 2024                            | 3,767             |
| 2025                            | 3,872             |
| Thereafter                      | <u>136,506</u>    |
|                                 | -                 |
|                                 | <u>\$ 149,900</u> |

NOTE F - LINE OF CREDIT

The Ministries established a \$200,000 line of credit on July 2, 2020, maturing July 1, 2021. The line is due upon demand, with interest at the floating Wall Street Journal Prime Rate (3.25% at December 31, 2020) with a floor of 2.75%, collateralized by all business assets. The line of credit had a balance of \$-0- at December 31, 2020.

NOTE G - INCOME TAX STATUS

The Ministries has received a determination of tax-exempt status from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The Ministries is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2017 remain subject to examination by federal and state taxing authorities

NOTE H - COMMITMENTS

1. Operating Leases

The Ministries leases vehicles under operating leases with various expiration dates through December 2021. Approximate future minimum rental payments for the operating leases are as follows:

| <u>Year ending December 31,</u> |                  |
|---------------------------------|------------------|
| 2021                            | \$ 6,700         |
| 2022                            | <u>3,500</u>     |
|                                 | <u>\$ 10,200</u> |

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE H - COMMITMENTS - Continued

Rental expenses approximated \$6,500 for the year ended December 31, 2020.

2. Contingencies

In the normal course of business, the Ministries is sometimes involved in legal matters. No actions exist which, in management's opinion, would have a material effect on the Ministries' financial position.

NOTE I - NET ASSETS

1. Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. These net assets are available for the use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Ministries' Board of Directors has designated \$30,232 of without donor restriction net assets for the Life Transformation Community for the year ended December 31, 2020.

2. Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that expire upon the passage of time or once specific actions are undertaken by the Ministries. The net assets are then released and reclassified to unrestricted support when these restrictions are satisfied. There were no net assets with donor restrictions at December 31, 2020.

NOTE J - GAIN ON DEBT FORGIVENESS

In May 2020, the Ministries applied for and received funds of \$179,937 as part of the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"). The proceeds from the loan were used to fund payroll and other specific costs outlined in the program. The Ministries applied for full forgiveness in November 2020 and received approval in February 2021. Accordingly, a gain on debt forgiveness of \$179,937 has been recognized in the statement of activities and changes in net assets for the year ended December 31, 2020.

NOTE K - RISKS AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020

NOTE L - SUBSEQUENT EVENTS

The Ministries has evaluated events and transactions occurring subsequent to December 31, 2020 through May 20, 2021, which is the date the financial statements were available to be issued.

In January 2021, the Ministries received a second Small Business Administration Paycheck Protection Program loan in the amount of \$167,163. The Ministries can apply for loan forgiveness for the amount used for payroll and other specific costs outlined in the loan agreement for an eight- or twenty-four-week period following receipt of loan proceeds. After the eight- or twenty-four-week period, the Ministries will perform a calculation to determine the amount of debt to be forgiven. The Ministries plans to file for forgiveness in accordance with the terms of the agreement and anticipates a significant portion being forgiven. Any amounts not forgiven will turn into a term loan payable at 1% interest for two years.

SUPPLEMENTARY INFORMATION

Abe Brown Ministries, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2020

| <u>State Grantor/Project Title</u>       | <u>State<br/>CSFA#</u> | <u>Contract<br/>Number</u> | <u>Expenditures<br/>or State Loan</u> |
|--|------------------------|----------------------------|---------------------------------------|
| <b>Florida Department of Corrections</b> |                        |                            |                                       |
| Transitional Services - Post Release     | 70.011                 | C2854                      | <u>\$ 878,627</u>                     |
| Total                                    |                        |                            | <u><u>\$ 878,627</u></u>              |

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the State grant activity of the Ministries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

NOTE B - CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Ministries' continued participation in specific projects. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Ministries expects such amounts, if any, to be immaterial.

NOTE C - SUBRECIPIENTS

The Ministries did not provide State financial assistance to subrecipients.

## REGULATORY REPORTS

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*

ABE BROWN MINISTRIES, INC.

December 31, 2020



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  
Abe Brown Ministries, Inc.

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 of America, the financial statements of Abe Brown Ministries, Inc. (a nonprofit organization) (the "Ministries"), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2021.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ministries' 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 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 Ministries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ministries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bueco, Jordanier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida  
May 20, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE AS REQUIRED BY CHAPTER 10.650,  
*RULES OF THE AUDITOR GENERAL*

ABE BROWN MINISTRIES, INC.

December 31, 2020



|  |                          |
|--|--------------------------|
| Herman V. Lazzara                        | Stephen G. Douglas       |
| Marc D. Sasser                           | Michael E. Helton        |
| Sam A. Lazzara                           | Christopher F. Terrigino |
| Kevin R. Bass                            | James K. O'Connor        |
| Jonathan E. Stein                        | David M. Bohnsack        |
| Richard B. Gordimer, of Counsel          |                          |
| Cesar J. Rivero, in Memoriam (1942-2017) |                          |

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors  
Abe Brown Ministries, Inc.

**Report on Compliance for Each Major State Project**

We have audited Abe Brown Ministries, Inc.'s (the "Ministries") compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Ministries' major State project for the year ended December 31, 2020. The Ministries' major State project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state project.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Ministries' major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General*. Chapter 10.650, *Rules of the Auditor General*, requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Ministries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State project. However, our audit does not provide a legal determination of the Ministries' compliance.



### **Opinion on Each Major State Project**

In our opinion, the Ministries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

Management of the Ministries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ministries' internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ministries' 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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Tampa, Florida  
May 20, 2021

Abe Brown Ministries, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2020

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**State Financial Assistance**

Internal control over major State projects

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Type of auditors' report issued on compliance for major State projects Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Auditor General*?        yes   X   no

Identification of major projects:

**State**

CSFA Number

70.011

Name of State Project

Transitional Services - Post Release

Dollar threshold used to distinguish between type A and type B State projects

\$ 300,000

**Section II - Financial Statement Findings**

No matters were reported for the year ended December 31, 2020. Accordingly, a corrective action plan is not required.

**Section III - State Financial Assistance Findings and Questioned Costs**

No matters were reported for the year ended December 31, 2020. Accordingly, a corrective action plan is not required.

**Section IV - Other Issues**

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).

MANAGEMENT LETTER  
ABE BROWN MINISTRIES, INC.  
December 31, 2020



Herman V. Lazzara                      Stephen G. Douglas  
Marc D. Sasser                          Michael E. Helton  
Sam A. Lazzara                         Christopher F. Terrigino  
Kevin R. Bass                            James K. O'Connor  
Jonathan E. Stein                        David M. Bohnsack  
Richard B. Gordimer, of Counsel  
Cesar J. Rivero, in Memoriam (1942-2017)

**MANAGEMENT LETTER**

Board of Directors  
Abe Brown Ministries, Inc.

**Report on the Financial Statements**

We have audited the financial statements of Abe Brown Ministries, Inc. (a nonprofit organization) (the "Ministries") as of and for the fiscal year ended December 31, 2020, and have issued our report thereon, dated May 20, 2021.

**Auditor's Responsibility**

We conducted our audit 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 Chapter 10.650, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our 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*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance in accordance with Chapter 10.650, Rules of the Florida Auditor General.

**Additional Matters**

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida  
May 20, 2021

