

SOS CHILDREN'S VILLAGES - FLORIDA, INC.

**Financial Statements
and Supplementary Information**

**For the Years Ended
December 31, 2020 and 2019**

SOS CHILDREN’S VILLAGES - FLORIDA, INC.
Financial Statements and Supplementary Information
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SOS Children's Villages – Florida, Inc.
Coconut Creek, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of SOS Children's Villages – Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Children's Villages – Florida, Inc. as of December 31, 2020 and 2019, 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.

Other Matters

Other 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021, on our consideration of SOS Children's Villages – Florida, Inc.'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 SOS Children's Villages – Florida, 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 SOS Children's Villages – Florida, Inc.'s internal control over financial reporting and compliance.

Bellows Associates P. A.

Bellows Associates, PA
Coral Springs, Florida
August 13, 2021

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 2,590,137	\$ 793,586
Contract receivables	352,651	216,735
Contributions receivable	106,318	532,519
Prepaid expenses	12,631	15,337
Investments	750	750
Property and equipment, net	949,780	1,065,885
TOTAL ASSETS	\$ 4,012,267	\$ 2,624,812
LIABILITIES		
Accounts payable	\$ 15,830	\$ 22,333
Accrued expenses	174,215	182,526
Deferred revenue	10,150	-
TOTAL LIABILITIES	200,195	204,859
NET ASSETS		
Without donor restrictions	3,336,120	1,952,193
With donor restrictions	475,952	467,760
TOTAL NET ASSETS	3,812,072	2,419,953
TOTAL LIABILITIES AND NET ASSETS	\$ 4,012,267	\$ 2,624,812

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Governmental contracts and grants	\$ 3,253,307	\$ -	\$ 3,253,307	\$ 2,038,209	\$ -	\$ 2,038,209
Contributions - direct public support	1,897,229	353,195	2,250,424	2,470,953	586,847	3,057,800
Contributions - related organizations	14,383	-	14,383	26,990	-	26,990
Distributions from beneficial assets	53,563	-	53,563	53,341	-	53,341
In-kind contributions	-	-	-	18,420	-	18,420
Investment income	4,137	-	4,137	427	-	427
Other income	-	-	-	9,065	-	9,065
Net assets released from restrictions	345,003	(345,003)	-	214,082	(214,082)	-
TOTAL SUPPORT AND REVENUES	5,567,622	8,192	5,575,814	4,831,487	372,765	5,204,252
EXPENSES						
Program services:						
Foster Care	2,428,876	-	2,428,876	2,739,028	-	2,739,028
Dependency Case Management	382,408	-	382,408	218,847	-	218,847
Next Steps	371,914	-	371,914	352,805	-	352,805
Independent Living	31,721	-	31,721	15,202	-	15,202
Mental/Behavioral Health	79,065	-	79,065	47,753	-	47,753
Total program services	3,293,984	-	3,293,984	3,373,635	-	3,373,635
Management and general	278,883	-	278,883	406,569	-	406,569
Fundraising	610,828	-	610,828	666,710	-	666,710
TOTAL EXPENSES	4,183,695	-	4,183,695	4,446,914	-	4,446,914
CHANGE IN NET ASSETS	1,383,927	8,192	1,392,119	384,573	372,765	757,338
NET ASSETS, BEGINNING OF YEAR	1,952,193	467,760	2,419,953	1,567,620	94,995	1,662,615
NET ASSETS, END OF YEAR	\$ 3,336,120	\$ 475,952	\$ 3,812,072	\$ 1,952,193	\$ 467,760	\$ 2,419,953

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2020

	Program Services					Management and General	Fundraising	Total	
	Foster Care	Dependency Case Management	Next Steps	Independent Living	Mental/Behavioral Health				Total
Salaries	\$ 1,247,863	\$ 305,335	\$ 178,371	\$ 25,935	\$ 70,800	\$ 1,828,304	\$ 169,774	\$ 393,112	\$ 2,391,190
Employee benefits	70,417	41,574	13,677	-	2,500	128,168	13,236	21,062	162,466
Payroll taxes	91,582	21,999	13,289	2,047	5,765	134,682	13,196	29,733	177,611
Professional fees	17,861	487	209	8	-	18,565	30,638	52,247	101,450
Advertising and marketing	-	-	-	-	-	-	-	2,000	2,000
Office expenses	58,682	1,271	3,642	900	-	64,495	17,369	43,271	125,135
Computer expense	18,088	-	-	-	-	18,088	489	1,887	20,464
Occupancy	219	660	19,583	-	-	20,462	-	-	20,462
Conferences and meetings	473	1,400	-	-	-	1,873	611	262	2,746
Insurance	130,658	-	-	-	-	130,658	15,915	10,223	156,796
Home expenses	362,680	576	19,339	403	-	382,998	733	536	384,267
Children services	61,640	5,012	92,101	2,428	-	161,181	-	-	161,181
Vehicle expenses	159,283	3,886	29,754	-	-	192,923	177	2,009	195,109
Depreciation expenses	135,094	-	-	-	-	135,094	15,010	-	150,104
Interest expense	-	-	-	-	-	-	540	-	540
Maintenance service and supplies	73,677	-	-	-	-	73,677	387	456	74,520
Other event expenses	208	170	-	-	-	378	139	36,103	36,620
Fees, permits, and licences	160	-	-	-	-	160	669	17,710	18,539
Miscellaneous expense	291	38	1,949	-	-	2,278	-	217	2,495
Total Expenses	\$ 2,428,876	\$ 382,408	\$ 371,914	\$ 31,721	\$ 79,065	\$ 3,293,984	\$ 278,883	\$ 610,828	\$ 4,183,695

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2019

	Program Services					Management and General	Fundraising	Total	
	Foster Care	Dependency Case Management	Next Steps	Independent Living	Mental/Behavioral Health				Total
Salaries	\$ 1,396,139	\$ 174,960	\$ 148,360	\$ 13,444	\$ 43,277	\$ 1,776,180	\$ 161,523	\$ 340,676	\$ 2,278,379
Employee benefits	87,041	12,568	15,503	-	1,249	116,361	12,349	16,652	145,362
Payroll taxes	112,064	11,983	10,988	997	3,033	139,065	12,077	26,464	177,606
Professional fees	20,008	2,822	51	13	55	22,949	115,471	43,710	182,130
Advertising and marketing	-	-	-	-	-	-	324	1,713	2,037
Office expenses	31,575	5,945	4,459	530	95	42,604	40,023	46,476	129,103
Computer expense	7,215	-	-	-	-	7,215	118	44	7,377
Occupancy	3,779	-	37,072	-	-	40,851	258	300	41,409
Travel expenses	3,885	72	3,229	-	-	7,186	879	-	8,065
Conferences and meetings	1,870	365	923	-	-	3,158	1,455	776	5,389
Insurance	123,274	-	-	-	-	123,274	25,789	-	149,063
Home expenses	459,024	3,120	20,010	-	-	482,154	4,391	1,465	488,010
Children services	74,063	1,000	75,216	203	-	150,482	-	-	150,482
Vehicle expenses	191,313	5,761	32,036	-	44	229,154	1,413	4,946	235,513
Depreciation expenses	159,197	-	-	-	-	159,197	17,689	-	176,886
Interest expense	32	-	-	-	-	32	8,061	-	8,093
Maintenance service and supplies	56,282	-	-	-	-	56,282	399	399	57,080
Other event expenses	-	-	-	-	-	-	-	162,357	162,357
Fees, permits, and licences	1,266	177	-	15	-	1,458	2,232	18,359	22,049
In-kind expense	8,420	-	-	-	-	8,420	-	-	8,420
Miscellaneous expense	2,581	74	4,958	-	-	7,613	2,118	2,373	12,104
Total Expenses	\$ 2,739,028	\$ 218,847	\$ 352,805	\$ 15,202	\$ 47,753	\$ 3,373,635	\$ 406,569	\$ 666,710	\$ 4,446,914

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,392,119	\$ 757,338
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	150,104	176,886
Changes in operating assets and liabilities:		
Contract receivables	(142,387)	123,716
Contributions receivable	432,672	(493,519)
Prepaid expenses	2,706	(3,447)
Accounts payable	(6,503)	(7,755)
Accrued expenses	(8,311)	24,708
Deferred revenue	10,150	-
	<u>1,830,550</u>	<u>577,927</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(33,999)</u>	<u>(33,353)</u>
Net cash (used in) investing activities	<u>(33,999)</u>	<u>(33,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	150,000
Payments on line of credit	-	(150,000)
Principal payments on capital leases payable	-	(4,830)
Net cash (used in) financing activities	<u>-</u>	<u>(4,830)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,796,551	539,744
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	<u>793,586</u>	<u>253,842</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	<u>\$ 2,590,137</u>	<u>\$ 793,586</u>
Supplemental disclosures:		
Non-cash transactions:		
In-kind contributions	<u>\$ -</u>	<u>\$ 18,420</u>
As of December 31, 2020 and 2019, the amounts included in cash, cash equivalents, and restricted cash include the following:		
Cash - operations	\$ 2,176,685	\$ 425,826
Donor restricted cash	413,452	367,760
Total cash, cash equivalents, and restricted cash	<u>\$ 2,590,137</u>	<u>\$ 793,586</u>
Cash paid during the year for interest	<u>\$ 540</u>	<u>\$ 8,093</u>

See accompanying notes to the financial statements.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies

Organization

SOS Children's Villages – Florida, Inc. (SOS) is incorporated as a nonprofit corporation in the State of Florida. SOS is established and operates in accordance with the rules, regulations and criteria established by the SOS Kinderdorf International (SOS-KDI) which is headquartered in Innsbruck, Austria, to the extent there is no conflict with any applicable federal or state laws or regulations.

SOS provides care for foster children who have a history of abuse, neglect, or abandonment. SOS fulfills its mission by providing a family-oriented community offering healing, hope and home for children, young adults, and families to become self-sufficient contributing members of society. It is a top priority of SOS to keep sibling groups together. Each of the programs help to enhance the health and welfare benefits of the children served.

Program activities include:

Foster Care – Neighborhood foster homes are each staffed by nurturing, trained, licensed foster parents providing the care needed to support the children living in their home. SOS offers an array of services on campus to support the children and families served.

Dependency Case Management – Case managers provide services that include, but are not limited to, daily case management, preparing admissions and discharges, linking all services, advocacy, preparing and monitoring SOS service plans, participating in court hearings and team meetings, participating in rotation of 24-hour on-call response, crisis intervention, participating in biological family visitation, serving as liaison to community-based care providers and other service providers, facilitating/attending school meetings, maintaining case files, conducting home visits, and submitting required reports to collateral agencies involved with the children. Additionally, Case Managers are certified by the Florida Certification Board as Child Welfare Case Managers, working hand in hand with families to help achieve permanency.

Next Steps – Transitional Independent Living (TIL) Case Managers/Life Coaches offer case management services to young adults' ages 18+ who once lived at SOS or had some type of involvement with the Dependency/Child Welfare system and are now living independently within the community or in college. All young adults served in this program receive the support needed from the TIL Case Managers/Life Coaches to assist the young adults during their transition from SOS or in the community to independence, and with ongoing assistance in areas including counseling, emergency assistance, advocacy, and links to employment and housing amongst any other practical needs in order to strengthen self-sufficiency.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Organization (Continued)

Program activities include (Continued):

Independent Living – Life skills are provided in individual and group sessions, according to age groupings. Skills learned in the sessions are practiced in the SOS homes, a classroom setting or on a field trip. Services also include planning with youth toward employment, academic and vocational pursuits.

Mental and Behavioral Health – SOS trains all staff and children on the behavioral system for the kids in the home. Upon placement, each child is trained on the reward/consequence system based on their own choice. Foster parents are trained to run the program in their home to ensure the continuity of care for all of our residents. Additionally, there are mental health counselors who provide individual, family and group therapy to the children.

Basis of Presentation

The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). SOS reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 8.

Cash, Cash Equivalents, and Restricted Cash

For the statements of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. As of December 31, 2020 and 2019, SOS had cash equivalents of \$3,695 and \$7,775, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Property and equipment

Property and equipment are recorded at cost or, if donated, at their estimated fair market value at the date of contribution. SOS capitalizes property and equipment over \$1,000 with a useful life greater than one year. Maintenance and repairs to property and equipment are charged to expense when incurred. Depreciation expense is computed using the straight-line method over the estimated useful life of each class of depreciable asset, which are as follows:

	<u>Years</u>
Site development	15
Buildings and improvements	10-27.5
Furniture and fixtures	5-7
Machinery and equipment	5
Furniture held under capital lease	Lease term

Donated property and equipment are reported as net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash restricted by the donor for the purchase of property and equipment are reported as net assets with donor restrictions. SOS reports expirations of donor restrictions when the asset is placed in service.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and expected disposition. When considering impaired, an impairment loss is recognized to the extent that carrying value exceeds the fair value of the assets. There were no indications of asset impairment during the years ended December 31, 2020 and 2019.

Investments

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer an asset in an orderly transaction between market participants at the measurement date. Investment income consists of interest and dividend income on investments and any gains or losses realized and unrealized on the investments. Investment income is available for use in operations. Investment income is reported net of fees.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Community Foundation

During 2002, SOS established a designated endowment fund that is perpetual in nature with the Community Foundation of Broward, Inc. (the Foundation) a Florida not for profit corporation. The Foundation is independent of SOS and maintains control over the assets within the requirements of the agreement. Variance power has been granted to the Foundation, which allows the Foundation to distribute the allowable funds to an organization of similar exempt purpose in the case of SOS's dissolution. The fund is held and invested by the foundation for SOS's benefit. See Note 11.

Joint Costs of Fundraising

SOS utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to fundraising.

Revenue Recognition

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized in the period received or promised. Contributions received with donor stipulations that limit the use of the donated assets are recorded as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions are initially reported as activities with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Contributions Receivable

Unconditional contributions receivable expected to be received within one year and are recorded at their net realizable value. Unconditional contributions receivable due beyond one year are stated at net present value of the estimated cash flows using the risk-free interest rate at the time the pledges or contributions were made. The Organization deems all contributions receivable to be collectible and accordingly, does not have an allowance for doubtful accounts. As of December 31, 2020 and 2019, contributions receivable with donor restrictions was approximately \$62,500 and \$100,000, respectively.

Contributed Services and Materials

SOS receives contributions of noncash assets and services as donations (in-kind contributions). Contributed services are reported at their estimated fair value of those donated services when those services either (1) creates or enhances a nonfinancial asset, or (2) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. For the years ended December 31, 2020 and 2019, SOS did not receive contributed services.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributed Services and Materials (Continued)

Contributed materials and supplies are recorded at their estimated fair market value at the date of the contribution. For the year ended December 31, 2020 and 2019 SOS recorded contributed materials and supplies revenue and expenses or fixed asset additions of \$0 and \$18,420, respectively.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP.

Grants and Contracts

SOS receives federal awards and state financial assistance based on reimbursement contracts executed with a pass-through agency. Revenues from these contracts are recorded as the specific qualifying expenses under contract are incurred at which point the barrier of revenue recognition is overcome. SOS submits the qualifying expenses for reimbursement at the end of each month of service. SOS's annual reimbursement contracts with the State of Florida is customarily renewed every July 1st based on the State's fiscal year. The release of funds is subject to monies being made available by the federal government, State of Florida, Broward County and certain other granting agencies. Some of these agreements may be terminated by either party with thirty days written notice.

Program expenditures made by SOS are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to SOS to offset amounts which would otherwise be repayable based on audits. As of December 31, 2020 and 2019, SOS had no amounts required to be returned as a result of such audits for each year.

On April 15, 2020, SOS received a loan through the Paycheck Protection Program (PPP) and guaranteed by the U.S. Small Business Administration (SBA) in the amount of \$469,800. Funds from the PPP loan may only be used for payroll and other eligible occupancy costs as outlined in the loan agreement. Loan principal and interest payments are deferred from the date of the first disbursement of the loan up to 10 months after the end of the borrower's loan forgiveness covered period, which is 24 weeks from the date of loan disbursement. SOS has elected to treat the loan as a conditional grant on the accompanying statements of activities. The grant is recognized on a systematic basis over the period in which SOS recognizes corresponding eligible expenses for which the grant is intended to compensate. The grant is not required to be repaid if the funds are used to offset eligible expenses as determined by the SBA. As of December 31, 2020, all amounts related to the grant were recognized as revenue, as all conditions were met. See Note 13.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contract Receivables

Contract and other receivables consist primarily of uncollected allowable expenses under reimbursement contracts with governmental agencies. Management periodically reviews the contract and other receivables balances and provides an allowance for accounts which may be uncollectible. The amount is determined based upon historical experiences, economic conditions, and a review of subsequent collections. As of December 31, 2020 and 2019, management considers the contract and other receivables to be fully collectible and no allowance for doubtful accounts has been established.

Deferred Revenue

Donations and grants received prior to the year to which they apply are not recognized as revenues until the year earned and are reported as deferred revenue in the accompanying statements of financial position. As of December 31, 2020 and 2019, SOS received and recorded \$10,150 and \$0, respectively, in deferred revenue.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, salaries and wages, employee benefits, payroll taxes, professional services, office supplies and expense, information technology, insurance, and other expenses which are allocated on the basis of estimates of time and effort. Such estimates are determined by management.

Income Taxes

SOS has received a tax determination letter from the Internal Revenue Service (IRS) noting that it is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). SOS files Form 990, *Return of Organization Exempt from Income Tax* annually.

Date of Management's Review

Management has evaluated subsequent events through August 13, 2021, which is the date the financial statements were available to be issued. See Note 13.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 2 – Related Party Transactions

SOS-USA was organized as a separate entity to operate as the coordinating body for all the principles of SOS-KDI. For the years ended December 31, 2020 and 2019, SOS received direct funding from SOS-USA totaling \$14,383 and \$52,213, respectively. In the event of SOS's dissolution, the assets of SOS will revert to SOS-USA.

NOTE 3 – Contracts and Contributions Receivables

SOS anticipates collection of contracts and contributions receivable as follows:

	<u>2020</u>	<u>2019</u>
One year or less		
Without donor restrictions	\$ 396,469	\$ 649,254
Restricted to particular use	35,000	35,000
Restricted to passage of time	2,500	2,500
One to five years		
Restricted to particular use	25,000	60,000
Restricted to passage of time	<u>-</u>	<u>2,500</u>
Contracts and contributions receivable	<u>\$ 458,969</u>	<u>\$ 749,254</u>

NOTE 4 – Property and Equipment

The cost of property and equipment are as follows:

	<u>2020</u>	<u>2019</u>
Land and site development	\$ 1,125,833	\$ 1,125,833
Buildings and improvements	3,564,554	3,562,354
Furniture and fixtures	270,510	245,611
Machinery and equipment	144,077	140,977
Construction in progress	<u>3,800</u>	<u>-</u>
Total property and equipment	5,108,774	5,074,775
Less: Accumulated Depreciation	<u>4,158,994</u>	<u>4,008,890</u>
Property and Equipment, Net	<u>\$ 949,780</u>	<u>\$ 1,065,885</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$150,104 and \$176,886, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 5 – Leases

SOS leases office equipment under a non-cancelable operating lease with an expiration date of July 2023. SOS also leases vehicles under non-cancelable operating leases with expiration dates through May 2022.

<u>December 31,</u>	<u>Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
2021	\$ 8,198	\$ 3,782	\$ 11,980
2022	2,733	3,782	6,515
2023	-	1,892	1,892
2024	-	-	-
2025	-	-	-
Total	<u>\$ 10,931</u>	<u>\$ 9,456</u>	<u>\$ 20,387</u>

Total rent expense on operating leases for the years ended December 31, 2020 and 2019 amounted to \$4,864 and \$8,051, respectively, for office equipment and \$85,724 and \$89,515 for vehicles, respectively.

NOTE 6 – Investments and Fair Value Measurements

Accounting standards provide a framework for measuring fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as shown in the table below. Assets and liabilities are classified in their entirety on the lowest level of input that is significant to the fair value measurement.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SOS has the ability to access.
Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none"> • Quoted prices for similar assets or liabilities in active markets; • Quoted prices for identical or similar assets or liabilities in active markets; • Inputs other than quoted prices that are observable for the asset or liability; and • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Changes in valuation techniques may result in transfers in or out of an investment's assigned level within the hierarchy.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 6 – Investments and Fair Value Measurements (Continued)

Asset Valuation Techniques

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used as of December 31, 2020 and 2019.

- *Preferred Stock*: Valued at the net asset value of the units reported on the active market on which the individual investments are traded.

The following tables set forth by level within the fair value hierarchy a summary of SOS's investments measured at fair value on a recurring basis as of December 31, 2020 and 2019:

Fair Value Measurements as of December 31, 2020

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Preferred Stock	\$ -	\$ 750	\$ -	\$ 750
Total	\$ -	\$ 750	\$ -	\$ 750

Fair Value Measurements as of December 31, 2019

	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Preferred Stock	\$ -	\$ 750	\$ -	\$ 750
Total	\$ -	\$ 750	\$ -	\$ 750

SOS's policy is to recognize all transfers between levels at the beginning of the reporting period. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of Level 1, 2 or 3.

NOTE 7 – Line of Credit

SOS has a \$150,000 revolving line of credit with a bank, secured by equipment, general intangibles, and fixtures. Borrowings against the line of credit bear interest at the bank prime rate plus .5% or a minimum of 3.5% (5.25% as of December 31, 2020 and 2019). Principal and interest are due at maturity, on August 29, 2021. As of December 31, 2020 and 2019, there was no outstanding balance. For the years ended December 31, 2020 and 2019, total interest expense was \$540 and \$5,277, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 8 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
Next steps program	\$ 311,373	\$ 284,280
Disaster relief	25,233	25,223
Independent life skills	11,631	18,042
Ridley field	13,215	13,215
Vehicle leases	10,000	20,000
Property renovation	102,000	102,000
Subject to passage of time:		
Kenny Page Foundation	2,500	5,000
Total	<u>\$ 475,952</u>	<u>\$ 467,760</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Clothing	\$ -	\$ 14,700
Property renovations	-	114
Next steps program	316,096	115,898
Disaster relief	-	6,990
Computer equipment	-	1,322
Independent life skills	16,407	6,583
Recreational activities	-	6,500
Vehicle leases	10,000	10,000
Internship	-	275
Study abroad	-	4,200
Children achieve	-	45,000
Passage of time – Kenny Page Foundation	2,500	2,500
Total	<u>\$ 345,003</u>	<u>\$ 214,082</u>

NOTE 9 – Employee Benefit Plans

SOS has a 401(k) Retirement Plan which covers employees who meet certain age and years of service criteria. Employees contribute to the plan at their discretion and the employer matches at a discretionary pro-rata rate that is determined each year. The Board reinstated the matching policy effective April 1, 2019. For the years ended December 31, 2020 and 2019, employer contribution expenses were \$28,344 and \$17,937, respectively.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 10 – Liquidity and Availability of Funds

SOS has \$2,573,154 and \$1,075,080 of financial assets available within one year of December 31, 2020 and 2019 to meet cash needs for general operating purposes, consisting of cash of \$2,176,685 and \$425,826 and receivables of \$396,469 and \$649,254, respectively. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2020 and 2019.

SOS manages operating liquidity primarily through budgeted monthly cash inflows and outflows. Cash inflows can be reasonably predicted since they are comprised mostly of contract vouchers. Cash outflows are planned accordingly so as not to exceed those expected inflows. As part of SOS's liquidity management plan, cash that exceeds SOS's expected short-term requirements are invested in money market funds. SOS also secured PPP loans to maintain adequate cash balances for upcoming expenses.

NOTE 11 – Designated Endowment Fund

SOS previously entered into an agreement with the Foundation to create a designated fund to serve as an endowment on behalf of SOS. The funds are the property of the Foundation and it is the general policy of the Foundation to make distributions to SOS from the endowment at least once annually. For the years ended December 31, 2020 and 2019, SOS took a distribution of \$53,563 and \$53,341, respectively, from the Foundation. The ending asset value of the endowment as of December 31, 2020 and 2019, was approximately \$1,194,731 and \$1,101,153, respectively.

NOTE 12 – Current Vulnerability Due to Certain Concentrations

SOS is economically dependent upon the receipt of funds from the State of Florida for its programs. For the years ended December 31, 2020 and 2019, SOS received grants and other funding from the State of Florida Department of Children and Families totaling \$2,824,284 and \$2,055,587, respectively. A significant reduction in the level of this support would have an adverse effect on SOS's programs and activities and its ability to satisfy their financial and program obligations and commitments.

Grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of SOS. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

SOS maintains its cash balances with three financial institutions. The account balances at each of the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2020 and 2019, the uninsured and uncollateralized cash balances exceeded the federally insured limit by \$1,879,549 and \$498,442, respectively. SOS has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

NOTE 12 – Current Vulnerability Due to Certain Concentrations (Continued)

COVID-19 Outbreak

In December 2019, a novel strain of coronavirus (COVID-19) was reported in China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” Though operations have been largely unaffected, and grants have been received timely, the extent of the impact continues to depend on future developments. These potential future impacts include disruptions to human resources and decreased public support resulting from the postponement of live fundraising events. SOS has taken preventive measures by strictly adhering to and monitoring the Centers for Disease Control updated guidelines and regulations.

NOTE 13 – Subsequent Events

On February 25, 2021, lender notified SOS that the PPP loan of \$469,800 had been forgiven by the SBA.

On January 29, 2021, SOS entered into an agreement with Seacoast National Bank (lender) to obtain an additional PPP loan guaranteed by the SBA in the amount of \$498,282. The SBA may forgive the full sum if SOS complies with the program provisions. On February 1, 2021, the lender disbursed the PPP loan in the full amount to SOS. The PPP loan matures on January 29, 2026, and has an annual interest rate of 1%. Loan principal and interest payments are deferred from the date of the first disbursement of the loan up to 10 months after the end of the borrower's loan forgiveness covered period which is 24 weeks from the date of loan disbursement.

NOTE 14 – Reclassifications

Certain items in the December 31, 2019 report have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported change in net assets.

SUPPLEMENTARY INFORMATION

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2020

Federal or State Grantor/ Pass Through Agency/ Program Title	CFDA/ CSFA Number	Contract Agreement Number	Expenditures
Federal Awards			
U. S. Department of Health and Human Services			
Passed through Florida Department of Children and Families and Passed through ChildNet, Inc.			
Foster Care –Title IV-E	93.658	SOS19-20RGC	\$ 537,146
Foster Care –Title IV-E	93.658	SOS19-20DCM	339,126
Foster Care –Title IV-E	93.658	SOS19-20NFH	321,576
Total Foster Care –Title IV-E			<u>1,197,848</u>
Temporary Assistance for Needy Families	93.558	SOS19-20DCM	150,904
Temporary Assistance for Needy Families	93.558	SOS19-20NFH	758
Total Temporary Assistance for Needy Families			<u>151,662</u>
Adoption Assistance	93.659	SOS19-20DCM	60,584
Adoption Assistance	93.659	SOS19-20NFH	25,468
Total Adoption Assistance			<u>86,052</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SOS19-20DCM	38,872
Promoting Safe and Stable Families	93.556	SOS19-20DCM	3,038
Social Services Block Grant	93.667	SOS19-20DCM	2,775
Total Federal Awards			<u>\$ 1,480,247</u>
State Financial Assistance			
State of Florida Department of Children and Families Cluster			
Passed through ChildNet, Inc.			
Child Welfare Out-of-Home Supports	60.074	SOS19-20NFH	\$ 1,303,260
Total Florida Department of Children and Families Cluster			<u>1,303,260</u>
Total State Financial Assistance			<u>\$ 1,303,260</u>

See Independent Auditor's Report and accompanying notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of SOS Children's Villages – Florida, Inc. for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Because the Schedule presents only a selected portion of the operations of SOS Children's Villages – Florida, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of SOS Children's Villages – Florida, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. SOS Children's Villages – Florida, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – CONTINGENCY

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies becomes a liability of SOS Children's Villages – Florida, Inc. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreement and applicable federal, state, and local laws and regulations.



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

To the Board of Directors of
SOS Children's Villages – Florida, Inc.
Coconut Creek, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SOS Children's Villages – Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SOS Children's Villages – Florida, Inc.'s 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 SOS Children's Villages – Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of SOS Children's Villages – Florida, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 SOS Children's Villages – Florida, Inc.'s financial statements are free from 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bellows Associates P. A.

Bellows Associates, PA
Coral Springs, Florida
August 13, 2021



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

To the Board of Directors of
SOS Children's Villages – Florida, Inc.
Coconut Creek, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited SOS Children's Villages – Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of SOS Children's Villages – Florida, Inc.'s major federal programs and state projects for the year ended December 31, 2020. SOS Children's Villages – Florida, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SOS Children's Villages – Florida, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about SOS Children's Villages – Florida, Inc.'s 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 each major federal program and state project. However, our audit does not provide a legal determination of SOS Children's Villages – Florida, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, SOS Children's Villages – Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of SOS Children’s Villages – Florida, Inc. 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 SOS Children’s Villages – Florida, Inc.’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SOS Children’s Villages – Florida, Inc. internal control over compliance.

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

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

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

Bellows Associates P.A.

Bellows Associates, PA
Coral Springs, Florida
August 13, 2021

**SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on whether the financial statements of SOS were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No significant deficiencies were reported during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of SOS were disclosed during the audit.

Federal Programs and State Projects

5. No material weaknesses were identified during the audit of the major federal award programs and state projects.
6. No significant deficiencies were reported during the audit of the major federal award programs and state projects.
7. The auditor's report on compliance for the major federal award programs and state projects for SOS expresses an unmodified opinion.
8. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) and Chapter 10.650, *Rules of the Auditor General*, are reported in this schedule.
9. SOS's federal programs and state projects tested as major was:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
<u>United States Department of Health and Human Services: Foster Care - Title IV-E</u>	93.658
<u>Name of State Project or Cluster</u>	<u>CSFA Number</u>
<u>State of Florida Department of Children and Families Cluster: Child Welfare Out-of-Home Supports</u>	60.074

10. The threshold for distinguishing Type A and B federal programs was \$750,000.
11. The threshold for distinguishing Type A and B state projects was \$390,978.
12. SOS was determined to be a low-risk auditee.

SOS CHILDREN'S VILLAGES - FLORIDA, INC.
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III – FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS

No matters reported.

SECTION IV – MANAGEMENT LETTER AND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

A separate management letter was issued which identifies the auditor's comments and recommendations.

A summary schedule of prior audit findings is not presented as there were no audit findings in the prior year to be reported on.

No corrective action plan is required as there were no findings reported under the Uniform Guidance or the Florida Single Audit Act.



To the Board of Directors of
SOS Children's Villages – Florida, Inc.
Coconut Creek, Florida

Report on the Financial Statements

We have audited the financial statements of SOS Children's Villages – Florida, Inc. as of and for the year ended December 31, 2020, and have issued our report thereon dated August 13, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 13, 2021, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we noted the following:

1. During testing of employee files, it was noted that 10 randomly selected files had out-of-date HIPAA training certificates, five files did not maintain a signed job description, and five files did not have annually signed documents (ADA Attestation, Security Agreement, and Whistleblower's Act and Attestation) for the current audit period.

Recommendation: We recommend that the Organization obtain noted missing documents and implement a checklist for all new employee files to ensure all contract documentation requirements are fulfilled.

2. During testing of children files, it was noted that 9 randomly selected files did not have an inventory of possessions performed at in-take nor an annual log of items maintained.

Recommendation: We recommend that the Organization obtain noted missing documents and implement a checklist for all child files to ensure all contract documentation requirements are fulfilled.

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, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bellows Associates P.A.

Bellows Associates, PA
Coral Springs, Florida
August 13, 2021