

**ANCHORAGE CHILDREN'S HOME
OF BAY COUNTY, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2021

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Anchorage Children's Home of Bay County, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anchorage Children's Home of Bay County, Inc. as of June 30, 2021, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022 on our consideration of Anchorage Children's Home of Bay County, 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 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 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 Anchorage Children's Home of Bay County, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
January 11, 2022

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,308,235
Investments	145,053
Grants, contracts, and other receivables	423,353
Prepaid expenses and other current assets	37,260
Total current assets	1,913,901
Property and equipment, net	1,204,492
Total Assets	\$ 3,118,393

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 64,598
Due to grantor	113,070
Accrued liabilities	169,629
Deferred revenue	840
Refundable advance - Paycheck Protection Program	596,630
Total current liabilities	944,767
Total Liabilities	944,767
Net assets	
Without donor restrictions	2,101,514
With donor restrictions	72,112
Total net assets	2,173,626
Total Liabilities and Net Assets	\$ 3,118,393

The accompanying notes to the financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 4,132,854	\$ -	\$ 4,132,854
Contributions	778,708	61,702	840,410
Other state support	20,548	-	20,548
Medicaid	5,689	-	5,689
Special events	74,196	-	74,196
Investment income	24,381	-	24,381
Other income	3,962	-	3,962
Net assets released from restrictions	83,665	(83,665)	-
Total support and revenue	<u>5,124,003</u>	<u>(21,963)</u>	<u>5,102,040</u>
Expenses			
Program services			
Hidle House	1,222,837	-	1,222,837
Street Outreach and Recovery	146,838	-	146,838
Transitional Living	241,243	-	241,243
Maternity Transitional Living	273,453	-	273,453
Sibling Home	550,362	-	550,362
Anchorage Family Counseling	289,568	-	289,568
Care Management	1,616,237	-	1,616,237
SNAP	164,311	-	164,311
Total program services	<u>4,504,849</u>	<u>-</u>	<u>4,504,849</u>
Administrative and general	505,444	-	505,444
Fundraising	142,071	-	142,071
Total expenses	<u>5,152,364</u>	<u>-</u>	<u>5,152,364</u>
Increase (decrease) in net assets	<u>(28,361)</u>	<u>(21,963)</u>	<u>(50,324)</u>
Net assets, beginning of year	2,129,875	94,075	2,223,950
Net assets, end of year	<u>\$ 2,101,514</u>	<u>\$ 72,112</u>	<u>\$ 2,173,626</u>

The accompanying notes to the financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

Program Services

	Street Outreach and Hidle House Recovery	Transitional Living	Maternity Transitional Living	Sibling Home	Anchorage Family Counseling	Care Management	Care Management	Care Management	Care Management	Total Program Services
Salaries	\$ 643,829	\$ 59,507	\$ 114,944	\$ 115,377	\$ 296,006	\$ 211,145	\$ 1,202,787	\$ 122,643	\$ 2,766,238	
Payroll taxes and benefits	92,953	9,481	19,128	27,567	54,641	33,691	220,982	14,946	473,389	
Automobile	12,416	3,456	9,437	8,711	15,079	303	42,616	17	92,035	
Accounting and legal	1,825	50	425	425	1,100	850	3,975	100	8,750	
Crafts, recreation and gifts	5,263	-	2,623	1,144	4,659	388	19,984	639	34,700	
Contract services	11,038	-	-	-	1,281	769	-	604	13,692	
License and permits	706	37	221	103	245	4	382	-	1,698	
Books and subscriptions	348	-	-	-	-	-	-	-	348	
School	3,627	-	52	-	2,918	-	-	-	6,597	
Food	41,721	18,768	5,578	1,976	13,508	108	1,394	2,328	85,381	
Household supplies	20,783	7,262	5,663	5,608	5,911	1,153	1,055	264	47,699	
Insurance	35,782	6,266	4,240	4,210	12,747	3,045	25,556	2,206	94,052	
Medical	247	-	13,382	10,850	219	-	-	-	24,698	
Miscellaneous	18,799	15,298	2,996	2,159	15,503	1,837	13,167	1,876	71,635	
Memberships and dues	13,891	1,789	117	177	6	4	9	4	15,997	
Office	28,194	3,036	7,351	4,619	13,565	5,154	26,994	3,818	92,731	
Personal items - clothing	3,396	1,168	890	527	3,695	-	20	42	9,738	
Postage	783	-	-	26	2	50	1,875	14	2,750	
Printing	-	-	-	-	-	-	-	-	-	
Repairs and maintenance	25,249	778	1,730	936	12,061	6,639	52	273	47,718	
Staff and program development	6,186	348	149	88	2,607	260	1,498	274	11,410	
Staff travel	68	-	5	5	73	3,551	31,016	1,802	36,520	
Telephone	13,453	1,585	2,682	2,542	10,089	5,228	22,147	2,364	60,090	
Utilities	30,520	1,801	5,810	5,599	14,415	1,715	-	1,276	61,136	
Events	-	-	-	-	-	-	-	-	-	
Rent	168,951	15,599	42,895	80,102	53,163	11,293	547	7,655	380,205	
Total expenses before depreciation	1,180,028	146,229	240,318	272,751	533,493	287,187	1,616,056	163,145	4,439,207	
Depreciation	42,809	609	925	702	16,869	2,381	181	1,166	65,642	
Total expense	\$ 1,222,837	\$ 146,838	\$ 241,243	\$ 273,453	\$ 550,362	\$ 289,568	\$ 1,616,237	\$ 164,311	\$ 4,504,849	

The accompanying notes to financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

Supporting Services				
	Administration and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 250,267	\$ 76,421	\$ 326,688	\$ 3,092,926
Payroll taxes and benefits	36,512	12,926	49,438	522,827
Automobile	29	1	30	92,065
Accounting and legal	16,646	750	17,396	26,146
Crafts, recreation and gifts	336	3,790	4,126	38,826
Contract services	31,095	192	31,287	44,979
License and permits	968	350	1,318	3,016
Books and subscriptions	-	-	-	348
School	-	100	100	6,697
Food	2,394	472	2,866	88,247
Household supplies	2,142	3,495	5,637	53,336
Insurance	11,396	782	12,178	106,230
Medical	-	4,145	4,145	28,843
Miscellaneous	26,820	2,189	29,009	100,644
Memberships and dues	1,618	899	2,517	18,514
Office	15,173	6,288	21,461	114,192
Personal items - clothing	-	1,235	1,235	10,973
Postage	475	50	525	3,275
Printing	242	63	305	305
Repairs and maintenance	6,267	141	6,408	54,126
Staff and program development	3,023	2,382	5,405	16,815
Staff travel	1,040	741	1,781	38,301
Telephone	2,721	1,365	4,086	64,176
Utilities	11,480	447	11,927	73,063
Events	-	19,304	19,304	19,304
Rent	73,047	2,864	75,911	456,116
Total expenses before depreciation	493,691	141,392	635,083	5,074,290
Depreciation	11,753	679	12,432	78,074
Total expense	\$ 505,444	\$ 142,071	\$ 647,515	\$ 5,152,364

The accompanying notes to financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities	
Cash received from grantors, contractors, and contributors	\$ 4,804,071
Cash paid to employees, vendors, and subcontractors	(4,721,802)
Interest received	5,038
Net cash provided by operating activities	<u>87,307</u>
Cash flows from investing activities	
Purchases of investments	(114,632)
Purchases of property and equipment	(63,729)
Net cash used in investing activities	<u>(178,361)</u>
Net decrease in cash and cash equivalents	<u>(91,054)</u>
Cash and cash equivalents, beginning of year	1,399,289
Cash and cash equivalents, end of year	<u><u>\$ 1,308,235</u></u>
Reconciliation of decrease in net assets to net cash provided by operating activities	
Decrease in net assets	<u>\$ (50,324)</u>
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	78,074
Realized/unrealized gain on investment	(15,361)
Loss on disposal of property and equipment	5,359
Decrease in grants, contracts, and other receivables	34,263
Increase in prepaid expenses and other current assets	(11,943)
Increase in accounts payable	29,104
Decrease in accrued expenses	(35,423)
Decrease in deferred revenue	(4,160)
Increase in due to grantor	62,918
Donation of property and equipment	(5,200)
Total adjustments	<u>137,631</u>
Net cash provided by operating activities	<u><u>\$ 87,307</u></u>
Supplemental schedule of non-cash investing activities	
Donation of property and equipment	<u><u>\$ 5,200</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Anchorage Children's Home of Bay County, Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and Purpose**—The Organization was incorporated in the State of Florida, in April 1983, for the purpose of establishing and operating a group home and shelter for the abused, neglected, and homeless children of Bay County. The Organization provides the following programs:

Hidle House – A short-term crisis/emergency shelter, Hidle House provides 24-hour awake supervision to adolescents 10 to 17 years of age, furnishing food, clothing, shelter, and counseling. Runaways and other troubled youth are accepted as walk-ins, through referral from the family, school, law enforcement, and other sources within the community. The purpose is to reunite the youth with their family, and keep the youth out of the delinquency and dependency systems. Youth who have been removed from their home due to allegations of abuse, or youth who are in the foster care systems are referred through the Florida Department of Children and Families or Big Bend Community Based Care, Inc. for up to a 30 day stay. The purpose is to provide a safe environment for youth while the Florida Department of Children and Families investigates the family and/or locates an alternative living arrangement for the youth.

Anchorage Family Counseling – When children, ages 6 to 17 years old, and their families need help with developing and strengthening their relationships at home, this program provides individual, family, and group counseling, and case management. Services are provided in the home, at school, and in our offices for up to 12 weeks. Counselors also provide group counseling services in some area high schools for high-risk youth.

Street Outreach and Recovery – Specialists go to the beach, neighborhoods, and streets to find the youth, up to 21 years old, at greatest risk for sexual exploitation and abuse. By providing them survival aid and access to critical services, staff engage these youth by developing trusting relationships in an effort to facilitate their leaving street life. The following program is included in the amounts reported as "Street Outreach and Recovery" on the statement of activities and the statement of functional expenses:

Safe Place – A nationwide program uniting businesses and runaway shelters, this program provides a safety net for youth on the streets to gain immediate access to safe shelter. Businesses where youth congregate or are easily accessible to youth demonstrate their partnership to provide transportation to shelter through volunteers. They post obvious bright yellow signs on their buildings to demonstrate their participation in this program.

Transitional Living – This transitional living program serves up to 6 youth residentially and 14 youth in non-residential services at a given time. These youth, ages 16 to 21 years old, continue or complete their education, establish employment, and develop essential life skills during the course of this 18 month program.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(a) **Organization and Purpose** (Continued)

Maternity Transitional Living – Apartment based living for homeless teens age 16 to 22 who are pregnant or have had their baby within 6 months. This program provides a safe place to live while staff help youth develop adequate life skills leading to independence and successful parenting.

Sibling Home – The Sibling Group Home enables sibling groups of kids aged 6 to 12 to stay together and be closer to their immediate family while they work on building healthy relationships and restoring the broken family unit. The goal of the program is to keep the children together and offer a safe, home-like environment allowing their parents to work a case plan with goals of reunification being the final result. Children will attend school and have opportunities to engage in extracurricular activities as available to them. House parents will be onsite 24/7 and will be professional caretakers who will work effectively within the context of child development to bring about positive change in the child's life. The program will coordinate a Family Visitation Model to coordinate and encourage family visits while children are living in the home.

Care Management – When children, birth to 17 years old, who have been found to be abused, neglected, or abandoned need protection and support, our Care Management program provides child protective supervision, foster care case management, and intensive family intervention. As a partner of the Big Bend Community Based Care, Inc. system of care, the Organization provides care management in Calhoun, Holmes, Jackson, and Washington counties.

SNAP – SNAP stands for Stop Now and Plan. It helps troubled children and their parents learn how to effectively manage their emotions and keep problems small. The gender sensitive SNAP program is designed for children ages 6 to 11 who are engaging in aggressive, anti-social behavior and/or have come into contact with authority figures at school or in the community.

(b) **Property and Equipment**—Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$500 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from 5 to 50 years.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Income Taxes**—The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Organization has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits held with banks, and short-term investments with original maturities of 90 days or less.

(e) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of Presentation**— Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Organization and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. As of June 30, 2021, donor-imposed restrictions that are perpetual in nature totaled \$1,939.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Functional Allocation of Expenses**—The cost of providing the various services and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(i) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases this net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

(j) **Contributed Facilities, Services and Other Support**— The Organization occupies without charge certain premises for which the estimated fair rental value is reported as contributions and rental expense in the period in which the premises are used. In addition, contributed materials and supplies are reported as contributions and related expense at their estimated fair market value in the period in which they are donated.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets; consequently, all contributions of property and equipment, and of the assets contributed to acquire property and equipment, are recorded as unrestricted support or contributions.

The value of donated professional services is included as contributions and related expense in the financial statements. The value of these donations is based upon the fair market value at the date of donation. In addition, the Organization receives a significant amount of donated services from unpaid volunteers who assist the Organization. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

(k) **Accrued Leave**—The Organization compensates its employees for unused paid time off upon termination of employment. The amount of the change in accrued paid time off for all employees from one year to the next is reported as an expense during the current year.

(l) **Investments**—Investments are carried at fair value. Fair values are generally based on quoted market prices or appraised value. Realized and unrealized gains or losses are reflected in the statement of activities.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Grants, Contracts, and Other Receivables**—Grants, contracts, and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers, grantors, and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(n) **Revenue Recognition**—The Organization receives all of its grant and contract revenue from Federal, state and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

(o) **Deferred Revenue**—The Organization records grant/contract receipts as a deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in deferred revenue represents amounts received under cost reimbursable contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

(p) **Due to Grantor**—The Organization records grant/contract receipts as due to grantor until they are expended for the purpose of the grant/contract, at which time they are recognized as revenue. The balance in due to grantor represents amounts received under cost reimbursable and unit rate contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

(2) **Significant Funding Sources:**

The Organization receives a substantial amount of its funding from the State of Florida, Department of Juvenile Justice as passed through the Florida Network of Youth and Family Services and the U.S. Department of Health and Human Services, passed through the Florida Department of Children and Families and Big Bend Community Based Care, Inc. A significant reduction in the level of this funding, if it were to occur, could have an adverse effect on the Organization's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Organization maintains cash deposits with a financial institution. The Organization has no policy requiring collateral or other security to support its deposits, although all demand deposits with this institution is Federally insured up to FDIC limits.

(b) **Grants, Contracts, and Other Receivables**—The Organization's receivables are for amounts due under contracts with local, state, Federal government agencies, and others. The Organization has no policy requiring collateral or other security to support its receivables.

(c) **Financial Instruments**— Financial instruments that potentially subject the Organization to concentrations of credit risk include investments. The investments are held in high quality institutions and companies with high credit ratings.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(4) Property and Equipment:

The following is a summary of property and equipment at June 30, 2021:

Land	\$ 75,000
Buildings and improvements	724,049
Furniture and fixtures	136,993
Machinery and equipment	198,860
Leasehold improvements	429,546
Vehicles	73,864
	<u>1,638,312</u>
Less: accumulated depreciation and amortization	433,820
Total	<u>\$ 1,204,492</u>

(5) Operating Leases:

The Organization leases vehicles and the building under operating leases expiring at various years through 2024. Rent expense for the vehicles and building for the year ended June 30, 2021 amounted to \$116,448 on the statement of functional expenses. Minimum future lease payments under the non-cancelable operating leases for each of the next five years are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 114,630
2023	37,150
2024	4,974
2025	-
2026	-
Thereafter	-
Total	<u>\$ 156,754</u>

Rent expense on the statement of functional expenses also includes in-kind building rent and other miscellaneous equipment operating leases.

(6) Retirement Plan:

The Organization sponsors a 401(k) retirement plan. All employees over 21 years old with at least 1,000 hours of service within a 12-month fiscal year period are eligible to participate. Employees may contribute a maximum allowable for 401(k) plans and the Organization will match 25% of employee contributions up to 3% of the employee's annual gross salary. The Organization contributed \$21,252 to this plan for the fiscal year ended June 30, 2021.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Fair Value Measurements:

The Fair Value Measurements and Disclosures Topic of the FASB Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Codification requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Codification establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

The Organization maintained investments consisting of marketable securities recorded at fair value. Their fair value as of June 30, 2021 is summarized below:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 127,925	\$ 145,053	\$ 17,128

The stocks are values at quoted market prices and deemed level 1 investments based on unadjusted quoted market prices within active markets.

The following schedule summarizes the investment return in the Statement of Activities for the year ended June 30, 2021:

Interest and dividend income	\$ 5,038
Net realized and unrealized gains	19,343
Investment income	\$ 24,381

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(8) Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government, the State of Florida, and pass-through grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The likelihood or severity of any potential negative impact relating to the global pandemic is unknown.

The Organization has unconditionally guaranteed debt of Anchorage Foundation, Inc. in the amount of \$362,155.

(9) Related Party:

The Organization has an economic interest in Anchorage Foundation, Inc. (the "Foundation") from an unconditional guarantee of debt in the amount of \$362,155. Therefore, the Foundation is deemed a related party. A significant portion of the premises used by the Organization is owned by the Foundation. The Organization executed a lease agreement on September 1, 2012 with Anchorage Foundation, Inc. to lease the property described as Anchorage Children's Home located on Lisenby Avenue in Panama City, Florida. The lease has an initial term of ten years and the Organization has an option of extending the term of the lease for up to three additional successive ten-year terms. The Organization is also responsible for all insurance, repairs and maintenance, taxes and utilities associated with the leased premises. The monthly rent payments are \$5,547. Total rent paid to the Foundation during the year was \$66,569. In kind rent totaled \$236,697.

(10) Net Assets with Donor Restrictions:

(a) Net assets with donor restrictions consist of the following at June 30, 2021:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2021</u>
Restricted in perpetuity	\$ 1,939	\$ -	\$ -	\$ 1,939
Transitional Living rent	12,277	8,400	12,277	8,400
Transitional Living expenses	3,763	950	375	4,338
Other program expenses	76,096	47,352	71,013	52,435
Fundraising	-	5,000	-	5,000
Total	<u>\$ 94,075</u>	<u>\$ 61,702</u>	<u>\$ 83,665</u>	<u>\$ 72,112</u>

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(11) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor restrictions or internally board designations limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,308,235
Investments	145,053
Grants, contracts, and other receivables	423,353
Financial assets available to meet cash needs for general expenditures	1,876,641
Less those unavailable for general expenditures within one year due to donor imposed restrictions	(72,112)
Financial assets available to meet cash needs for general expenditures	\$ 1,804,529

(12) **Donated Facilities and Materials:**

The Organization received the following in-kind donations included in Contributions on the Statement of Activities during the year ended June 30, 2021:

Facilities	\$ 236,697
Materials and supplies	67,970
Total	\$ 304,667

(13) **Paycheck Protection Program:**

On April 20, 2020, the Organization received loan proceeds in the amount of \$596,630, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Organization maintains its payroll levels as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

(14) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 11, 2022, the date which the financial statements were available to be issued. Subsequent to year end, the Organization received forgiveness for their Paycheck Protection Program loan in the amount of \$434,884. The Organization repaid the remaining principal balance of \$161,746 and \$2,202 in interest on the unforgiven portion of this loan.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(15) **Recently Issued Accounting Pronouncements:**

The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Agriculture				
Passed through Florida Department of Health Child and Adult Care Food Program	10.558	-	H-4145	\$ 16,036
U.S. Department of Health and Human Services				
Basic Center Grant	93.623	-	90CY7243-01-00	120,015
Transitional Living for Homeless Youth	93.550	-	90CX7123-03-00	49,344
Transitional Living for Homeless Youth	93.550	-	90CX7123-04-00	146,045
Transitional Living for Homeless Youth - CARES	93.550	-	90CX7123-03-01	27,635
Transitional Living for Homeless Youth	93.550	-	90CX7205-02-00	50,755
Transitional Living for Homeless Youth	93.550	-	90CX7205-03-00	150,000
Transitional Living for Homeless Youth - CARES	93.550	-	90CX7205-02-01	25,287
				<u>449,066</u>
Passed through Big Bend Community Based Care, Inc.				
Social Services Block Grant	93.667	-	0262	21,934
Social Services Block Grant	93.667	-	0234	26,812
				<u>48,746</u>
Passed through Big Bend Community Based Care, Inc.				
Foster Care _Title IV-E	93.658	-	0255	386,097
Foster Care _Title IV-E	93.658	-	0262	246,878
Foster Care _Title IV-E	93.658	-	0234	43,856
Foster Care _Title IV-E	93.658	-	0255 IL	1,744
				<u>678,575</u>
Passed through Big Bend Community Based Care, Inc.				
Promoting Safe and Stable Families	93.556	-	0255	2,635
Passed through Big Bend Community Based Care, Inc.				
Temporary Assistance for Needy Families	93.558	-	0255	236,286
Passed through Big Bend Community Based Care, Inc.				
Stephanic Tubbs Jones Child Welfare Services Program	93.645	-	0255	18,450
Passed through Big Bend Community Based Care, Inc.				
Adoption Assistance	93.659	-	0255	23,002
Passed through Big Bend Community Based Care, Inc.				
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	-	0255 IL	72,141
Total Federal Awards				<u>1,664,952</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2021
 (Continued)

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE				
State of Florida, Department of Children and Families				
Passed through Big Bend Community Based Care, Inc. Out-Of-Home Supports	-	60.074	0234	\$ <u>100,065</u>
Passed through Big Bend Community Based Care, Inc. CBC - Purchase of Therapeutic Services for Children	-	60.183	0262	<u>340</u>
State of Florida, Department of Juvenile Justice				
Passed through Florida Network of Youth and Family Services Children and Families in Need of Services (CINS/FINS)	-	80.005	NA	<u>1,083,805</u>
Total State Financial Assistance				<u>1,184,210</u>
Total Federal Awards and State Financial Assistance				<u>\$ 2,849,162</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State award activity of Anchorage Children's Home of Bay County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

(2) **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 allowed or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

Anchorage Children's Home of Bay County, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

For the year ended June 30, 2021, there were no amounts passed through to subrecipients.



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*

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc.:

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 Anchorage Children's Home of Bay County, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

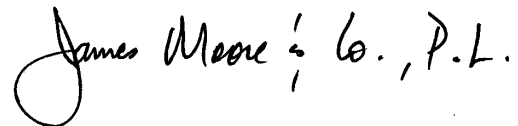
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Anchorage Children's Home of Bay County, Inc.'s Response to Finding

Anchorage Children's Home of Bay County, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Anchorage Children's Home of Bay County, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "C" for "Co."

Tallahassee, Florida
January 11, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
Anchorage Children's Home of Bay County, Inc.:

Report on Compliance for Each Major Federal Program and State Project

We have audited Anchorage Children's Home of Bay County, 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 Anchorage Children's Home of Bay County, Inc.'s major federal programs and state projects for the year ended June 30, 2021. Anchorage Children's Home of Bay County, Inc.'s major federal programs and state projects are identified in 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Anchorage Children's Home of Bay County, 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the State of Florida, Office 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 Anchorage Children's Home of Bay County, 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 Anchorage Children's Home of Bay County, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Anchorage Children's Home of Bay County, 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 June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program and state project is not modified with respect to these matters.

Anchorage Children's Home of Bay County, Inc.'s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Anchorage Children's Home of Bay County, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

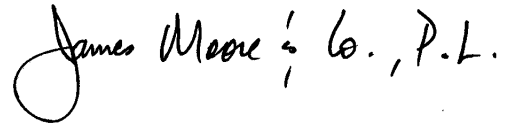
Management of Anchorage Children's Home of Bay County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Anchorage Children's Home of Bay County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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 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 State of Florida, Office 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 Anchorage Children's Home of Bay County, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and each major 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 and State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or major 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Anchorage Children's Home of Bay County, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Anchorage Children's Home of Bay County, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a distinct "Co." followed by "P.L." with a period.

Tallahassee, Florida
January 11, 2022

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued on the financial statements: *Unmodified.*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified.*

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

Identification of major Federal programs:

Federal Program	Assistance Listing Number
Transitional Living for Homeless Youth	93.550
Dollar threshold used to distinguish between Type A and Type B Federal programs:	\$ 750,000

Auditee qualified as low risk auditee? X yes no

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. Summary of Auditors' Results: (Continued)

State Financial Assistance

Internal control over major State projects:

- Material weakness(es) identified? X yes ___ no
- Significant deficiency(ies) identified? ___ yes X none reported

Types of auditor's report issued on compliance for major State projects: *Unmodified.*

Any audit findings disclosed that are required to be reported related to state financial assistance projects? X yes ___ no

Identification of major projects

State Projects	State CSFA Number
Children and Families in Need of Services (CINS/FINS)	80.005
Dollar threshold used to distinguish between type A and type B State projects:	\$355,263

II. Financial Statement Findings:

Finding 2021-001: Cost Allocation Plan

Criteria: Costs should be allocated in the accounting system among grants according to 2 CFR, Part 200.

Condition: In our testing of the cost allocation plan, we noted that documentation of changes made to the plan throughout the year was not saved.

Cause: Management is not maintaining adequate documentation of the allocation rates used throughout the year when changes to the percentages are made.

Effect: Expenses could be improperly reimbursed by the grant program and the grantor could require repayment.

Recommendation: We recommend the Organization implement procedures to ensure the cost allocation agrees to the documentation used as the basis for the plan.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

III. Federal Award Findings and Questioned Cost:

2021-001: Cost Allocation Plan

Information on the Federal Program: CFDA 93.550. Transitional Living for Homeless Youth. *Award Numbers:* 90CX7123-03-00, 90CX7123-04-00, 90CX7123-03-01, 90CX7205-02-00, 90CX7205-03-00, 90CX7205-02-01. *Compliance Requirement:* Allowable Costs

Criteria: Costs should be allocated in the accounting system among grants according to 2 CFR, Part 200.

Condition: In our testing of the cost allocation plan, we sampled 40 disbursements charged to the Transitional Living program and noted the following:

- Three out of forty disbursements did not agree to the cost allocation plan.

Cause: Management did not keep adequate documentation of the allocation rates used throughout the year when changes to the percentages were made.

Effect: Expenses could be improperly reimbursed by the grant program and the grantor could require repayment.

Recommendation: We recommend the Organization implement procedures to ensure the cost allocation agrees to the documentation used as the basis for the plan.

IV. Federal Award Prior Year Audit Findings: None

V. State Project Findings and Questioned Costs:

2021-001: Cost Allocation Plan

Information on the Federal Program: CFDA 80.005. Children and Families in Need of Services (CINS/FINS) *Award Number:* N/A *Compliance Requirement:* Allowable Costs

Criteria: Costs should be allocated in the accounting system among grants according to a cost allocation plan.

Condition: In our testing of the cost allocation plan, we sampled 40 disbursements charged to the CINS/FINS program and noted the following:

- Five out of forty disbursements did not agree to the cost allocation plan.

Cause: Management did not keep adequate documentation of the allocation rates used throughout the year when changes to the percentages were made.

Effect: Expenses could be improperly reimbursed by the grant program and the grantor could require repayment.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021**

V. **State Project Findings and Questioned Costs:** (Continued)

Recommendation: We recommend the Organization implement procedures to ensure the cost allocation agrees to the documentation used as the basis for the plan.

VI. **State Project Prior Year Audit Findings:** None.

VII. **Management letter in Accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General:** Nothing to Report

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
CORRECTIVE ACTION PLAN
JUNE 30, 2021**

Cost Allocation Corrective Action Plan

The Organization will ensure that adequate documentation of the allocation rates used, including any changes throughout the year, are maintained. Besides the standard allocation rates identified in the annual budget, if any specific allocation rates are implemented that deviate from the standard methodology, these rate methodologies shall be kept with the original budget allocations.



Joel Booth, Executive Director



Irene Conley, Financial Director