

**COMMUNITIES CONNECTED FOR KIDS, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
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**JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Communities Connected for Kids, Inc.:

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

We have audited the accompanying financial statements of Communities Connected for Kids, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

### ***Auditors' 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.

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communities Connected for Kids, Inc. as of June 30, 2021 and 2020, 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.

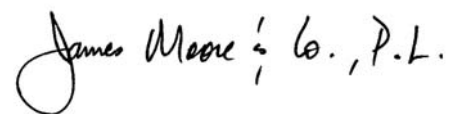
### ***Other Matters***

#### ***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 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 section 215.97, Florida Statutes, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2021, on our consideration of Communities Connected for Kids, Inc. 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 the 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 Communities Connected for Kids, Inc. internal control over financial reporting and compliance.



Gainesville, Florida  
December 24, 2021

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

| <u>ASSETS</u>  | <u>2021</u>  | <u>2020</u>  |
|--|--------------|--------------|
| <b>Current assets</b>  |              |              |
| Cash and cash equivalents  | \$ 7,013,756 | \$ 5,297,321 |
| Grants and contracts receivable                                  | 95,873       | 451,443      |
| Prepaid expenses   | 175,750      | 194,826      |
| Total current assets   | 7,285,379    | 5,943,590    |
| <b>Furniture and equipment, net</b>                              | 12,541       | 39,816       |
| <b>Deposits</b>  | 36,741       | 36,741       |
| <b>Restricted cash and cash equivalents - Client trust funds</b> | 138,227      | 367,522      |
| <b>Other non-current assets</b>                                  | 50,000       | 50,000       |
| <b>Total Assets</b>  | \$ 7,522,888 | \$ 6,437,669 |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b><br><br>             |              |              |
| <b>Current liabilities</b>                                       |              |              |
| Accounts payable and accrued expenses                            | \$ 2,459,496 | \$ 2,074,493 |
| Due to The Devereux Foundation                                   | 428,288      | 242,756      |
| Refundable advance - grants                                      | 2,188,237    | 1,369,969    |
| PPP Loan   | 979,330      | 1,421,669    |
| Total current liabilities  | 6,055,351    | 5,108,887    |
| <b>Client trust funds</b>  | 138,227      | 367,522      |
| <b>Total liabilities</b>   | 6,193,578    | 5,476,409    |
| <b>Net assets without donor restrictions</b>                     |              |              |
| Operations   | 1,316,769    | 921,444      |
| Invested in capital assets                                       | 12,541       | 39,816       |
| Total net assets without donor restrictions                      | 1,329,310    | 961,260      |
| <b>Total Liabilities and Net Assets</b>                          | \$ 7,522,888 | \$ 6,437,669 |

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

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

|  | <b>2021</b>   | <b>2020</b>   |
|--|---------------|---------------|
| <b>Revenues</b>  |               |               |
| Grants and contracts   | \$ 32,824,236 | \$ 33,059,716 |
| Donations  | 4,372         | 10,758        |
| Other  | 320,556       | 261,909       |
| Federal loan forgiveness   | 442,339       | -             |
| Total revenues   | 33,591,503    | 33,332,383    |
| <b>Expenses</b>  |               |               |
| Program services   | 30,449,234    | 30,757,473    |
| Management and general   | 2,774,219     | 2,435,497     |
| Total expenses   | 33,223,453    | 33,192,970    |
| <b>(Decrease) increase in net assets without donor restriction</b> | 368,050       | 139,413       |
| <b>Net assets</b> , without donor restriction, beginning of period | 961,260       | 821,847       |
| <b>Net assets</b> , without donor restriction, end of period       | \$ 1,329,310  | \$ 961,260    |

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

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|                                | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Total</u>         |
|--------------------------------|-----------------------------|-----------------------------------|----------------------|
| Bank Charges                   | \$ 11,426                   | \$ 23,038                         | \$ 34,464            |
| Depreciation                   | 19,164                      | 8,111                             | 27,275               |
| Employee Benefits              | 1,299,255                   | 352,513                           | 1,651,768            |
| Insurance                      | -                           | 179,619                           | 179,619              |
| Occupancy                      | 1,279,282                   | 217,460                           | 1,496,742            |
| Office                         | 45,031                      | 7,345                             | 52,376               |
| Other                          | 63,164                      | 30,200                            | 93,364               |
| Public Relations & Advertising | 46,196                      | 2,096                             | 48,292               |
| Purchased Services:            |                             |                                   |                      |
| Foster Care                    | 1,409,632                   | -                                 | 1,409,632            |
| Case Management                | 4,047,049                   | -                                 | 4,047,049            |
| Adoptions                      | 9,442,352                   | -                                 | 9,442,352            |
| Outpatient                     | 705,172                     | -                                 | 705,172              |
| Independent Living             | 321,898                     | -                                 | 321,898              |
| Residential & Group Care       | 6,273,594                   | -                                 | 6,273,594            |
| Ancillary and Administrative   | -                           | 519,102                           | 519,102              |
| Other                          | 470,353                     | 3,015                             | 473,368              |
| Salaries & Wages               | 4,927,095                   | 1,429,720                         | 6,356,815            |
| Supplies                       | 88,571                      | 2,000                             | 90,571               |
| Total expenses                 | <u>\$ 30,449,234</u>        | <u>\$ 2,774,219</u>               | <u>\$ 33,223,453</u> |

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

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Total</u>         |
|--------------------------------|-----------------------------|-----------------------------------|----------------------|
| Bank Charges                   | \$ -                        | \$ 27,426                         | \$ 27,426            |
| Depreciation                   | 8,538                       | 45,817                            | 54,355               |
| Employee Benefits              | 1,238,624                   | 230,544                           | 1,469,168            |
| Insurance                      | -                           | 122,537                           | 122,537              |
| Occupancy                      | 1,367,650                   | 151,858                           | 1,519,508            |
| Office                         | 97,818                      | 2,733                             | 100,551              |
| Other                          | 26,989                      | 120,090                           | 147,079              |
| Public Relations & Advertising | 66,249                      | 5,082                             | 71,331               |
| Purchased Services:            |                             |                                   |                      |
| Foster Care                    | 1,825,565                   | -                                 | 1,825,565            |
| Case Management                | 3,631,472                   | -                                 | 3,631,472            |
| Adoptions                      | 8,955,167                   | -                                 | 8,955,167            |
| Outpatient                     | 1,630,703                   | -                                 | 1,630,703            |
| Independent Living             | 734,359                     | -                                 | 734,359              |
| Residential & Group Care       | 4,934,983                   | -                                 | 4,934,983            |
| Ancillary and Administrative   | -                           | 575,000                           | 575,000              |
| Other                          | 906,200                     | 25,556                            | 931,756              |
| Salaries & Wages               | 5,141,137                   | 1,120,603                         | 6,261,740            |
| Supplies                       | 192,019                     | 8,251                             | 200,270              |
| Total expenses                 | <u>\$ 30,757,473</u>        | <u>\$ 2,435,497</u>               | <u>\$ 33,192,970</u> |

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

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021 AND 2020**

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
| <b>Cash flows from operating activities</b>   |              |              |
| Increase in net assets without donor restriction  | \$ 368,050   | \$ 139,413   |
| Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:  |              |              |
| Depreciation  | 27,275       | 54,355       |
| Change in assets and liabilities:   |              |              |
| Accounts receivable   | 355,570      | 146,579      |
| Prepaid expenses  | 19,076       | 15,336       |
| Deposits  | -            | 30,362       |
| Refundable advance - grants   | 779,151      | (69,644)     |
| Accounts payable and accrued expenses   | 424,120      | (154,059)    |
| Due to The Devereux Foundation  | 185,532      | (79,038)     |
| Client trust funds  | (229,295)    | 73,220       |
| PPP loan  | (442,339)    | 1,421,669    |
| Total adjustments   | 1,119,090    | 1,438,780    |
| Net cash provided by operating activities   | 1,487,140    | 1,578,193    |
| <b>Cash flows from investing activities</b>   |              |              |
| Purchases of property and equipment   | -            | (28,385)     |
| <b>Net increase in cash and cash equivalents</b>  | 1,487,140    | 1,549,808    |
| <b>Cash and cash equivalents, beginning of period</b>   | 5,664,843    | 4,115,035    |
| <b>Cash and cash equivalents, end of period</b>   |              |              |
| (Including \$138,227 and \$367,522 reported in restricted accounts at June 30, 2021 and 2020, respectively) | \$ 7,151,983 | \$ 5,664,843 |

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

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(a) **General**—Devereux Community Based Care, Inc., a Florida not-for-profit corporation (the Organization), was formed on September 5, 2012, and started operations on November 1, 2013. The Organization has been operating under a contract with the Florida Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, foster care supervision, intensive residential treatment, independent living, family reunification, and adoption and appropriate related services in Indian River, Martin, Okeechobee and St. Lucie counties. Effective July 1, 2018, Devereux Community Based Care, Inc. changed its name to Communities Connected for Kids, Inc.

(b) **Basis of financial reporting**—The Organization’s financial statements have been prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

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

*Net assets with donor restrictions*—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time.

The Organization has no net assets with donor restrictions at June 30, 2021 and 2020, and all support and revenue is considered without donor restriction for the years ended June 30, 2021 and 2020.

(c) **Contributions**—Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the financial statements as net assets released from restrictions. Contributions received with purpose or time restrictions that are met in the same reporting period are reported as donations and increase net assets without donor restrictions. Contributed property and equipment is recorded at fair value at the date of donation. We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A significant portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Organization received amounts in advance under state and local contracts and grants of \$2,188,237 and \$1,369,969 that have not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

(d) **Cash and cash equivalents**—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(e) **Restricted cash and cash equivalents**—Restricted cash and cash equivalents include Social Security client trust funds held by the Organization for current needs for children receiving protection, shelter and supervision services. These funds are required to be maintained in a separate bank account.

(f) **Grants and Contracts receivable**—Grants and contracts receivable consist of amounts due to the Organization from governmental units under the terms of various grant contracts. Due to the nature of these agencies, no allowance for uncollectible amounts has been established

(g) **Income taxes**—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization's income tax return for the past year three years are subject to examination by tax authorities, and may change upon examination. The Organization has reviewed and evaluated the relevant technical merits of each of its 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.

(h) **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 amounts could differ from those estimates.

(i) **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 that 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 that have a cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

(j) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) **Donated services and materials**—Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Volunteer services provided to the Organization to carry out its mission do not meet the criteria used to record donated services; therefore, they have not been recorded in the financial statements.

(l) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 24, 2021, the date the financial statements were available to be issued.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

(m) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2021. 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.

*Pending changes*

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 balance sheet 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.

In September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU should be applied on a retrospective basis and is effective for the Organization's fiscal year ending June 30, 2022. Early adoption is permitted. 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.

(2) **Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. 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 Communities Connected for Kids, Inc. expects such amounts, if any, to be immaterial.

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

Significant concentrations of credit risk for all financial instruments owned by the Organization for the year ended June 30, 2021, are as follows:

(a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$7,368,551 and \$5,851,176 at June 30, 2021 and 2020, respectively. Uninsured balances totaled \$6,831,737 and \$5,351,176 at June 30, 2021 and 2020, respectively. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned. The Organization's deposits at each financial institution are federally insured by FDIC up to \$250,000.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**(4) Liquidity Resources:**

The table below presents financial assets and liquidity resources available for general expenditures within one year:

|  | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
| Financial assets available within one year, at year end:                               |                     |                     |
| Cash and cash equivalents  | \$ 7,013,756        | \$ 5,297,321        |
| Grants and contracts receivable  | 95,873              | 451,443             |
| Less those unavailable for general expenditures within one year, due to:               |                     |                     |
| PPP loan funds   | -                   | 1,421,669           |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 7,109,629</u> | <u>\$ 4,327,095</u> |

As shown in the table above, the Organization has adequate financial assets available to meet liquidity needs. The Organization receives significant grant funds each year, which are entirely available to meet annual cash needs for general and program expenditures as the Organization has no donor restricted or designated net assets. The Organization is reliant on this grant funding to meet liquidity needs, as discussed in Note 7.

**(5) Furniture and Equipment:**

Furniture and equipment consist of the following as of June 30, 2021 and 2020:

|                             | <b>2021</b>      | <b>2020</b>      |
|-----------------------------|------------------|------------------|
| Furniture and equipment     | \$ 310,034       | \$ 315,681       |
| Accumulated depreciation    | (297,493)        | (275,865)        |
| Net furniture and equipment | <u>\$ 12,541</u> | <u>\$ 39,816</u> |

Depreciation expense for the years ended June 30, 2021 and 2020 was \$27,541 and \$54,355, respectively.

**(6) Other Assets – Child Welfare Trust:**

The Child Welfare Trust (the “Trust”) was formed by limited partners and is a risk pool formed to provide assets to meet the obligations of the prepaid mental health program. Each partner made an initial contribution to the Trust at the time they began participating in the partnership. The Organization made an initial contribution of \$50,000 in the year ended June 30, 2014 and is included in other non-current assets on the accompanying statements of financial position. The Organization shares in this risk pool based on their respective ownership percentage. The Organization may be required to fund the risk pool on an annual basis based on the medical loss ratio. Quarterly, the general partner makes a determination whether the assets held in the risk pool are sufficient to meet the obligations of the prepaid mental health program in the Organization’s service areas. If funding of the risk pool is required, the Organization may be required to utilize unrestricted funds as it is not a chargeable expense under the grant agreement with the State of Florida, Department of Children and Families as discussed in Note 1(a).

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(6) **Other Assets – Child Welfare Trust:** (Continued)

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee’s cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management’s assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. There was no deemed impairment for the years ended June 30, 2021 and 2020. For the years ended June 30, 2021 and 2020, the Organization was not required to make any additional contributions. For the years ended June 30, 2021 and 2020, the Organization received distributions from the trust of \$70,000 and \$20,000, respectively, which is included in other revenue in the accompanying financial statements.

(7) **Significant Funding Source:**

The Organization receives approximately 48% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida Department of Children and Families and approximately 50% of its funding directly from the State of Florida Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization’s programs and activities.

(8) **Operating Leases:**

The Organization leases certain office space under operating leases expiring in various years through 2023. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of June 30, 2021, for each of the next five years and in the aggregate are:

| <b>Year Ending<br/>June 30,</b> | <b>Amount</b>       |
|---------------------------------|---------------------|
| 2022                            | \$ 1,189,032        |
| 2023                            | 1,213,610           |
| 2024                            | -                   |
| 2025                            | -                   |
| 2026                            | -                   |
| Total                           | <u>\$ 2,402,642</u> |

Total rent expense for the years ended June 30, 2021 and 2020, was approximately \$1,090,000.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(9) **Related Party Transactions:**

For the year ended June 30, 2021, the Organization was affiliated with The Devereux Foundation d/b/a Devereux Advanced Behavioral Health (Devereux), a not-for-profit corporation, designated by the Internal Revenue Service as an educational facility and health care organization, with a nationwide network of behavioral health treatment centers for children, adolescents, and adults with complex emotional, psychiatric, and developmental disabilities; including individuals with autism spectrum disorders. The Organization entered into an agreement with Devereux in which Devereux provides certain administrative services for the Organization. Fees under this agreement amounted to \$500,000 and \$575,000 in 2021 and 2020, respectively. Devereux appointed a simple majority of the Organization's Board of Directors, with the remaining seats filled by individuals from the local community. However, major decisions of the Board require supermajority approval, defined as two-thirds of the directors. Accordingly, Devereux does not control the Board of the Organization and, because it also has no direct economic or controlling interest, the Organization is not consolidated into Devereux's consolidated financial statements. At June 30, 2021 and 2020, the Organization owed Devereux \$428,288 and \$242,756, respectively for unpaid fees under the administrative services agreement and other reimbursable expenses. These are reflected as Due to The Devereux Foundation in the accompanying statements of financial position. Effective July 1, 2018, the Organization changed its name to Communities Connected for Kids, Inc. and changed its affiliation with Devereux. The Organization continues to contract with Devereux to receive administrative services, but the Organization's board is independent and locally-represented.

(10) **Retirement Plan:**

The Organization, through its affiliation with Devereux, participates in several employee benefit plans administered by Devereux, including a defined contribution retirement plan covering all eligible employees, which is administered by TIAA. To be eligible for an employer contribution, an employee must have completed two years of service, work a minimum of 1,000 hours annually, and be active at the end of the plan year (December 31). Contributions to the plan are generally based on 5% of the employee's compensation, plus a match of employee contributions up to 2% of compensation, and are made annually each January. These contributions are credited to individual annuity contracts owned by each participant and are charged to expense when earned. Contribution expense was \$328,658 and \$272,154 in 2021 and 2020, respectively.

(11) **Litigation:**

The Organization is subject to certain claims and contracts arising in the normal course of its activities. After consultation with legal counsel, at this time management has no reason to believe resolution of these matters will have a material adverse effect on the Organization's future financial position or results from operations.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

(12) **PPP Loan:**

On April 27, 2020, the Organization received loan proceeds in the amount of \$1,421,669, pursuant to the Paycheck Protection Program (PPP) established as part of the federal 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 over a specified period of time 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 ten months after the end of the loan covered period. On August 12, 2021, the Organization received notice that the forgiveness application had been approved in the amount of \$442,339. Debt forgiveness of \$442,339 has been recognized on the statement of activities for the fiscal year ended June 30, 2021. The remaining portion of \$979,330 will be payable in nine equal monthly installments and is presented separately as a current liability on the statement of financial position as of June 30, 2021.

(13) **Risks and Uncertainties:**

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. Accordingly, while management cannot quantify the financial and other impact to the Organization as of December 24, 2021, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

**COMMUNITIES CONNECTED FOR KIDS, INC.**

**ADDITIONAL INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2021**

**COMMUNITIES CONNECTED FOR KIDS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

| Federal Grantor, Pass-Through Grantor, State Grantor<br>Program Title                         | CFDA/<br>CSFA<br>Number | Pass-Through<br>Entity<br>Identifying Number | Passed<br>Through to<br>Subrecipients | Expenditures         |
|---|-------------------------|--|---------------------------------------|----------------------|
| <b>FEDERAL AWARDS</b>   |                         |  |                                       |                      |
| <b><u>U. S. Department of Health and Human Services:</u></b>                                  |                         |  |                                       |                      |
| Passed through State of Florida   |                         |  |                                       |                      |
| U.S. Department of Agriculture<br>State Administrative Matching Grants For Food Stamp Program | 10.561                  | ZJK85  | \$ -                                  | \$ 7                 |
| U.S. Department of Health and Human Services<br>Guardianship Assistance                       | 93.090                  | ZJK85  | -                                     | 7,729                |
| Promoting Safe and Stable Families  | 93.556                  | ZJK85  | 937,549                               | 937,549              |
| Temporary Assistance for Needy Families   | 93.558                  | ZJK85  | 470,101                               | 1,839,019            |
| Grants to States for Access and Visitation Programs   | 93.597                  | ZJK85  |                                       | 33,004               |
| Chafee Education and Training Vouchers Program (ETV)  | 93.599                  | ZJK85  | 13,064                                | 82,989               |
| Stephanie Tubbs Jones Child Welfare Services Program  | 93.645                  | ZJK85  | 99,864                                | 121,714              |
| Foster Care-Title IV-E  | 93.658                  | ZJK85  | 2,261,288                             | 5,486,832            |
| Adoption Assistance   | 93.659                  | ZJK85  | 364,102                               | 6,081,687            |
| Social Services Block Grant   | 93.667                  | ZJK85  | 641,188                               | 1,028,671            |
| Child Abuse and Neglect State Grants  | 93.669                  | ZJK85  | 7,479                                 | 9,655                |
| Chafee Foster Care Independence Program   | 93.674                  | ZJK85  | -                                     | 225,355              |
| Medical Assistance Program "Medicaid Cluster"   | 93.778                  | ZJK85  | -                                     | 245,275              |
| <b>Total Expenditures of Federal Awards</b>   |                         |  | 4,794,635                             | 16,099,486           |
| <b>STATE FINANCIAL ASSISTANCE</b>   |                         |  |                                       |                      |
| <b><u>State of Florida, Department of Children and Families:</u></b>                          |                         |  |                                       |                      |
| Out of Home Supports  | 60.074                  | ZJK85  | 295,802                               | 1,840,136            |
| Independent Living  | 60.112                  | ZJK85  |                                       | 25,950               |
| Extended Foster Care Program  | 60.141                  | ZJK85  |                                       | 20,367               |
| Purchase Therapeutic Services for Children  | 60.183                  | ZJK85  | 78,459                                | 112,900              |
| <b>Total Expenditures of State Financial Assistance</b>                                       |                         |  | 374,261                               | 1,999,353            |
| <b>TOTAL FEDERAL AWARDS AND STATE<br/>FINANCIAL ASSISTANCE</b>                                |                         |  | <b>\$ 5,168,896</b>                   | <b>\$ 18,098,839</b> |

The accompanying notes to the schedule of expenditures of federal awards and state assistance are an integral part of this schedule.

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(Continued)

**Note (1): Basis of Accounting**

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. None of the Federal awards or State financial assistance expended by the Organization were in the form of noncash assistance, there was no insurance in effect during the year related to Federal awards, nor were there any loans or loan guarantees outstanding at year-end. 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 State of Florida, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note (2): Service Provided Contracts**

Only expenses incurred in accordance with the contract terms are reported as expenditures on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Note (3): Pass-Through Awards**

Communities Connected for Kids, Inc. receives certain Federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Note (4): De Minimis Indirect Cost Rate Election**

Communities Connected for Kids, Inc. does not elect to use the 10% de minimis indirect cost rate as covered in 200.414, *Indirect (F&A)* costs of the Uniform Guidance.

**Note (5): Matching Funds for Federal Programs**

The following funds were provided by the State of Florida, through the Department of Children and Families as matching funds for the Federal Programs under Contract No. ZJK85 as follows:

| <b>Name of Program</b>                                      | <b><u>CFDA Number</u></b> | <b><u>Amount</u></b>        | <b><u>Passed Through to Subrecipients</u></b> |
|---|---------------------------|-----------------------------|---|
| State Administrative Matching Grants For Food Stamp Program | 10.561                    | \$ 7                        | \$ -  |
| State Department of Children and Families                   | 90.XXX                    | 5,665,245                   | -   |
| Guardianship Assistance                                     | 93.090                    | 3,838                       | -   |
| Promoting Safe and Stable Families                          | 93.556                    | 5,725                       | 5,102   |
| Temporary Assistance for Needy Families "TANF Cluster"      | 93.558                    | 1,268,542                   | 707,494                                       |
| Chafee Education and Training Vouchers Program (ETV)        | 93.599                    | 20,747                      | -   |
| Stephanie Tubbs Jones Child Welfare Services Program        | 93.645                    | 40,571                      | 33,288  |
| Foster Care -Title IV-E                                     | 93.658                    | 4,216,350                   | 4,080,594                                     |
| Adoption Assistance   | 93.659                    | 3,202,758                   | 336,381                                       |
| Chafee Foster Care Independence Program                     | 93.674                    | 56,339                      | -   |
| Medical Assistance Program "Medicaid Cluster"               | 93.778                    | 245,275                     | -   |
| <b>Total State Funds Awarded for Matching</b>               |                           | <b><u>\$ 14,725,397</u></b> | <b><u>\$ 5,162,859</u></b>                    |

The accompanying notes to the schedule of expenditures of federal awards and state assistance are an integral part of this schedule.

**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,  
Communities Connected for Kids, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Communities Connected for Kids, Inc., which comprise the statement of financial position as of June 30, 2021 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 24, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Communities Connected for Kids, Inc. 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 Communities Connected for Kids, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Communities Connected for Kids, 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.

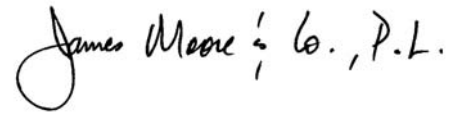
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Communities Connected for Kids, Inc. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity'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."

Gainesville, Florida  
December 24, 2021

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

To the Board of Directors,  
Communities Connected for Kids, Inc.:

**Report on Compliance for Each Major Federal Program and Major State Project**

We have audited Communities Connected for Kids, Inc. compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the *Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2021. Communities Connected for Kids, Inc. major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Communities Connected for Kids, Inc. major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 major state project occurred. An audit includes examining, on a test basis, evidence about Communities Connected for Kids, Inc. 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 major state project. However, our audit does not provide a legal determination of Communities Connected for Kids, Inc. compliance.

## ***Opinion on Each Major Federal Program and Major State Project***

In our opinion, Communities Connected for Kids, 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 major state projects for the year ended June 30, 2021.

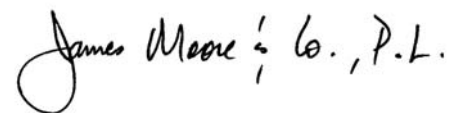
### **Report on Internal Control over Compliance**

Management of Communities Connected for Kids, 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 Communities Connected for Kids, Inc. internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major 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 Communities Connected for Kids, 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 a combination of deficiencies, in internal control over compliance with a 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 the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



Gainesville, Florida  
December 24, 2021

**COMMUNITIES CONNECTED FOR KIDS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS  
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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

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

Identification of major programs: CFDA 93.658, Foster Care- Title IV-E

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

Auditee qualified as low-risk auditee?  Yes  No

**State Financial Assistance**

Internal control over major projects:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

**COMMUNITIES CONNECTED FOR KIDS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS**  
**PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(Continued)

**Section I. Summary of Auditors' Results: (Continued)**

|  |                                   |
|--|-----------------------------------|
| Type of auditors' report issued on compliance for major projects:  | Unmodified                        |
| Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.650? | ___ Yes <u>X</u> No               |
| Identification of major project:   | CSFA 60.074, Out of Home Supports |
| Dollar threshold used to distinguish between Type A and Type B programs:   | \$599,806                         |

**Section II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With *Government Auditing Standards*:**

There are no current year audit findings.

**Section III. Findings and Questioned Costs for Federal Awards:**

There are no current year audit findings.

**Section IV. Findings and Questions Costs for State Financial Assistance:**

There are no current year audit findings.

**Section V. Prior Audit Findings for Federal Awards for the Year Ended June 30, 2020:**

There were no prior year audit findings.

**Section VI. Prior Audit Findings for State Financial Assistance for the Year Ended June 30, 2020:**

There were no prior year audit findings.

**Section VII. Management Letter**

No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance, not already reported in this schedule, required to be reported in the management letter.