



# FLORIDA BAPTIST CHILDREN'S HOMES, INC.

REPORTING PACKAGE

FOR THE YEAR ENDED DECEMBER 31, 2021



**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**

Lakeland, Florida

CONSOLIDATED FINANCIAL STATEMENTS AND  
RELATED SUPPLEMENTAL INFORMATION AND REPORTS  
For The Year Ended December 31, 2021

CONTENTS

REPORT OF INDEPENDENT AUDITOR .....	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position .....	3
Consolidated Statement of Activities .....	4
Consolidated Statement of Cash Flows .....	5
Consolidated Statement of Functional Expenses .....	6
Notes to Consolidated Financial Statements .....	8
SUPPLEMENTAL INFORMATION	
Consolidating Statement of Financial Position.....	19
Consolidating Statement of Activities .....	20
Consolidating Statement of Cash Flows .....	21
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	22
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	25
REPORT OF INDEPENDENT AUDITOR ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	26
REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL .....	28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS .....	30
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	32



## REPORT OF INDEPENDENT AUDITOR

The Board of Trustees  
Florida Baptist Children's Homes, Inc. and Affiliates  
Lakeland, Florida

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the accompanying consolidated financial statements of Florida Baptist Children's Homes, Inc. d/b/a One More Child and Affiliates (collectively referred to herein as "the Organization"), which consist of the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Florida Baptist Children's Homes, Inc. d/b/a One More Child and Affiliates as of December 31, 2021, the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

***Report on Summarized Comparative Information***

We have previously audited the Florida Baptist Children's Homes, Inc. d/b/a One More Child and Affiliates' 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statement of financial position as of December 31, 2021, the supplemental consolidating statements of activities and cash flows for the year ended December 31, 2021, and the accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650 Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. That information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida

June 24, 2022 (except for our report on the supplementary information for which the date is September 27, 2022)

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Summarized Comparative Totals As Of December 31, 2020)

**ASSETS**

	December 31, 2021			December 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,633,518	\$ 3,168,001	\$ 21,801,519	\$ 16,168,825
Cash designated for long-term purposes	2,473,443	—	2,473,443	2,870,020
Assets restricted for long-term purposes	—	13,962,485	13,962,485	13,838,882
Investments	77,911,020	8,051,281	85,962,301	71,175,570
Property and equipment, net	24,456,622	—	24,456,622	25,646,001
Beneficial interest in perpetual trusts held by others	—	3,248,249	3,248,249	3,058,741
Other assets	2,953,888	—	2,953,888	873,954
<b>Total assets</b>	<b>\$ 126,428,491</b>	<b>\$ 28,430,016</b>	<b>\$ 154,858,507</b>	<b>\$ 133,631,993</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,457,589	\$ —	\$ 1,457,589	\$ 1,396,338
Present value of charitable gift annuities payable	—	353,315	353,315	447,601
<b>Total liabilities</b>	<b>1,457,589</b>	<b>353,315</b>	<b>1,810,904</b>	<b>1,843,939</b>
<b>NET ASSETS</b>				
Without donor restrictions				
Operating	98,040,837	—	98,040,837	78,689,794
Net investment in property and equipment	24,456,622	—	24,456,622	25,646,001
Board designated	2,473,443	—	2,473,443	2,870,020
Total net assets without donor restrictions	124,970,902	—	124,970,902	107,205,815
With donor restrictions	—	28,076,701	28,076,701	24,582,239
<b>Total net assets</b>	<b>124,970,902</b>	<b>28,076,701</b>	<b>153,047,603</b>	<b>131,788,054</b>
<b>Total liabilities and net assets</b>	<b>\$ 126,428,491</b>	<b>\$ 28,430,016</b>	<b>\$ 154,858,507</b>	<b>\$ 133,631,993</b>

# FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES

## CONSOLIDATED STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2021

(With Summarized Comparative Totals For The Year Ended December 31, 2020)

	For The Year Ended December 31, 2021			For The Year
	Without Donor	With Donor	Total	Ended
	Restrictions	Restrictions		December 31,
				2020
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS</b>				
<b>RELEASED FROM RESTRICTIONS</b>				
Contributions - noncash	\$ 29,178,217	\$ —	\$ 29,178,217	\$ 23,878,362
Contributions	14,988,398	1,036,842	16,025,240	18,140,457
Net gain on investments	11,119,642	2,271,961	13,391,603	11,747,708
Child support and contracts	4,906,093	—	4,906,093	4,768,293
Net gain on sale of property and equipment	1,827,661	—	1,827,661	8,100
Interest and dividend income	1,035,524	248,355	1,283,879	1,027,056
Other revenue	617,891	—	617,891	339,922
Change in beneficial interest in perpetual trusts held by others	—	189,508	189,508	246,050
Net change in present value of charitable gift annuities payable	—	103,218	103,218	4,075
Grant revenue	—	—	—	1,919,162
Net assets released from time and use restrictions	<u>355,422</u>	<u>(355,422)</u>	<u>—</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>64,028,848</u></b>	<b><u>3,494,462</u></b>	<b><u>67,523,310</u></b>	<b><u>62,079,185</u></b>
<b>EXPENSES</b>				
Program services				
Compassion ministries	28,978,146	—	28,978,146	24,656,943
Foster care	3,514,181	—	3,514,181	3,999,820
Anti-trafficking	1,868,219	—	1,868,219	1,764,498
Global	1,629,657	—	1,629,657	1,091,394
State programs	1,567,104	—	1,567,104	1,592,968
Campus ministries	1,248,762	—	1,248,762	1,563,063
Single moms	973,895	—	973,895	1,126,751
Family support	<u>644,312</u>	<u>—</u>	<u>644,312</u>	<u>813,036</u>
Total program services	<u>40,424,276</u>	<u>—</u>	<u>40,424,276</u>	<u>36,608,473</u>
Support services				
General administration	2,398,600	—	2,398,600	2,170,436
Promotion and development	<u>3,440,885</u>	<u>—</u>	<u>3,440,885</u>	<u>2,608,137</u>
Total support services	<u>5,839,485</u>	<u>—</u>	<u>5,839,485</u>	<u>4,778,573</u>
<b>Total expenses</b>	<b><u>46,263,761</u></b>	<b><u>—</u></b>	<b><u>46,263,761</u></b>	<b><u>41,387,046</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>17,765,087</b>	<b>3,494,462</b>	<b>21,259,549</b>	<b>20,692,139</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>107,205,815</u></b>	<b><u>24,582,239</u></b>	<b><u>131,788,054</u></b>	<b><u>111,095,915</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 124,970,902</u></b>	<b><u>\$ 28,076,701</u></b>	<b><u>\$ 153,047,603</u></b>	<b><u>\$ 131,788,054</u></b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2021

(With Summarized Comparative Totals For The Year Ended December 31, 2020)

	For The Years Ended December 31,	
	2021	2020
<b>OPERATING CASH FLOWS</b>		
Cash received from contributors	\$ 13,442,085	\$ 12,590,789
Cash received for child support and contracts	4,236,402	4,784,598
Cash received from interest and dividends	1,283,879	1,027,056
Other revenue received	617,891	339,922
Cash paid for operating activities and costs	<u>(17,726,341)</u>	<u>(17,120,140)</u>
<b>Net operating cash flows</b>	<b><u>1,853,916</u></b>	<b><u>1,622,225</u></b>
<b>INVESTING CASH FLOWS</b>		
Net (purchases) sales of investments	(1,395,128)	8,226,043
Net investment in assets restricted for long-term purposes	(616)	(3,178,158)
Net proceeds from sale of property and equipment	6,067,313	8,600
Purchases of and improvements to property and equipment	<u>(3,749,536)</u>	<u>(2,082,506)</u>
<b>Net investing cash flows</b>	<b><u>922,033</u></b>	<b><u>2,973,979</u></b>
<b>FINANCING CASH FLOWS</b>		
Proceeds from contributions restricted for:		
Investment in property and equipment	2,565,060	1,531,668
Endowment	18,095	3,018,000
Borrowings	<u>—</u>	<u>1,919,162</u>
<b>Net financing cash flows</b>	<b><u>2,583,155</u></b>	<b><u>6,468,830</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH</b>	<b>5,359,104</b>	<b>11,065,034</b>
<b>CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH - Beginning of year</b>	<b><u>22,898,555</u></b>	<b><u>11,833,521</u></b>
<b>CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH - End of year</b>	<b><u>\$ 28,257,659</u></b>	<b><u>\$ 22,898,555</u></b>
<b>REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 21,801,519	\$ 16,168,825
Cash designated for long-term purposes	2,473,443	2,870,020
Restricted cash included in "Assets restricted for long-term purposes"	<u>3,982,697</u>	<u>3,859,710</u>
<b>Total cash and cash equivalents, designated cash, and restricted cash</b>	<b><u>\$ 28,257,659</u></b>	<b><u>\$ 22,898,555</u></b>

**SUPPLEMENTAL DISCLOSURE**

During 2020, \$1,919,162 of principal reductions of a certain note payable is included in "grant revenue" in the accompanying consolidated statement of activities. See Note J.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended December 31, 2021  
(With Summarized Comparative Totals For The Year Ended December 31, 2020)

For The Year Ended December 31, 2021

Program services

	Compassion ministries	Foster care	Anti-trafficking	Global	State programs	Campus ministries	Single moms	Family support	Total program services
Salaries and related expenses									
Salaries	\$ 531,355	\$ 1,943,715	\$ 1,102,923	\$ 264,405	\$ 805,991	\$ 265,678	\$ 384,417	\$ 404,238	\$ 5,702,722
Employee benefits	41,855	138,078	48,760	23,845	81,289	25,285	40,060	16,991	416,163
Payroll taxes	34,612	142,043	82,026	19,362	52,788	19,290	27,490	29,657	407,268
Total salaries and related expenses	607,822	2,223,836	1,233,709	307,612	940,068	310,253	451,967	450,886	6,526,153
Client care									
Gift in kind	27,620,299	—	—	—	—	—	—	—	27,620,299
International projects	—	—	—	618,596	—	—	—	—	618,596
International sponsorship	—	—	—	499,569	—	—	—	—	499,569
Food	85,321	—	8,670	—	—	—	—	10,926	104,917
Other client care	16,223	38,137	170	—	—	9,389	36,530	4,273	104,722
Activities	—	100	59,188	—	—	12,698	189	—	72,175
International travel	—	—	—	31,213	—	—	—	—	31,213
Supplies	6,106	—	2,541	—	1,265	3,166	12,637	1,776	27,491
Foster home payments	—	9,993	—	—	—	—	—	—	9,993
Clothing	—	—	892	—	—	833	—	898	2,623
Allowances/work	—	—	1,030	—	—	—	—	—	1,030
Medical/dental	—	—	924	—	—	—	—	—	924
Total client care	27,727,949	48,230	73,415	1,149,378	1,265	26,086	49,356	17,873	29,093,552
Other expenses									
Insurance	126,177	568,090	256,439	45,115	178,447	147,515	124,929	97,831	1,544,543
Promotion and development	9,582	23,057	16,188	15,731	12,436	—	11,752	5,998	94,744
Office supplies	180,379	73,149	50,929	14,082	102,233	6,743	10,973	14,973	453,461
Utilities	38,897	186,256	19,189	2,821	23,153	81,267	178,545	21,302	551,430
Professional services	1,464	31,877	41,240	1,874	74,656	2,553	4,203	1,387	159,254
Travel	87,422	44,615	116,856	53,350	51,127	10,418	12,103	3,290	379,181
Repairs and maintenance	99,364	65,377	19,213	—	23,183	121,248	62,474	7,594	398,453
Other	81,622	52,894	4,981	—	1,274	—	8,722	14,583	164,076
Telephone	5,871	69,014	13,018	4,539	24,307	9,137	26,179	3,506	155,571
Memberships and training	8,768	33,107	11,068	2,330	65,227	—	2,206	2,324	125,030
Furnishings and capital	—	4,326	4,718	—	—	1,177	26,931	—	37,152
Recruiting and hiring	1,831	5,707	6,552	850	2,045	566	2,276	2,756	22,583
Bank fees	—	—	—	23,818	—	—	—	9	23,827
Meetings and exhibits	471	—	704	499	25,880	—	—	—	27,554
Postage	527	2,060	—	7,658	4,544	—	—	—	14,789
Scholarship	—	—	—	—	—	—	1,279	—	1,279
Trustee travel	—	—	—	—	—	—	—	—	—
Total other expenses	642,375	1,159,529	561,095	172,667	588,512	380,624	472,572	175,553	4,152,927
Total expenses before depreciation	28,978,146	3,431,595	1,868,219	1,629,657	1,529,845	716,963	973,895	644,312	39,772,632
Depreciation	—	82,586	—	—	37,259	531,799	—	—	651,644
<b>Total expenses</b>	<b>\$ 28,978,146</b>	<b>\$ 3,514,181</b>	<b>\$ 1,868,219</b>	<b>\$ 1,629,657</b>	<b>\$ 1,567,104</b>	<b>\$ 1,248,762</b>	<b>\$ 973,895</b>	<b>\$ 644,312</b>	<b>\$ 40,424,276</b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**For The Year Ended December 31, 2021**  
**(With Summarized Comparative Totals For The Year Ended December 31, 2020)**

	For The Year Ended December 31, 2021				For The Year Ended December 31, 2020	
	Support services				Total expenses	Total expenses
	Total program services	General administration	Promotion and development	Total support services		
Salaries and related expenses						
Salaries	\$ 5,702,722	\$ 1,113,053	\$ 1,595,593	\$ 2,708,646	\$ 8,411,368	\$ 7,978,321
Employee benefits	416,163	105,030	122,306	227,336	643,499	581,724
Payroll taxes	407,268	63,143	110,347	173,490	580,758	548,014
Total salaries and related expenses	<u>6,526,153</u>	<u>1,281,226</u>	<u>1,828,246</u>	<u>3,109,472</u>	<u>9,635,625</u>	<u>9,108,059</u>
Client care						
Gift in kind	27,620,299	—	—	—	27,620,299	23,728,362
International projects	618,596	—	—	—	618,596	578,525
International sponsorship	499,569	—	—	—	499,569	475,405
Food	104,917	—	—	—	104,917	152,677
Other client care	104,722	—	—	—	104,722	1,108,741
Activities	72,175	—	—	—	72,175	26,850
International travel	31,213	—	—	—	31,213	108,490
Supplies	27,491	—	1,265	1,265	28,756	15,170
Foster home payments	9,993	—	—	—	9,993	9,098
Clothing	2,623	—	—	—	2,623	3,207
Allowances/work	1,030	—	—	—	1,030	3,766
Medical/dental	924	—	—	—	924	740
Total client care	<u>29,093,552</u>	<u>—</u>	<u>1,265</u>	<u>1,265</u>	<u>29,094,817</u>	<u>26,211,031</u>
Other expenses						
Insurance	1,544,543	168,428	340,839	509,267	2,053,810	1,555,079
Promotion and development	94,744	—	839,572	839,572	934,316	729,997
Office supplies	453,461	212,032	88,306	300,338	753,799	557,974
Utilities	551,430	9,599	27,912	37,511	588,941	564,921
Professional services	159,254	297,846	36,066	333,912	493,166	552,624
Travel	379,181	26,527	66,206	92,733	471,914	253,942
Repairs and maintenance	398,453	10,999	23,878	34,877	433,330	391,872
Other	164,076	197,642	1,274	198,916	362,992	404,102
Telephone	155,571	11,578	35,989	47,567	203,138	183,610
Memberships and training	125,030	13,103	34,410	47,513	172,543	50,296
Furnishings and capital	37,152	55,021	—	55,021	92,173	16,857
Recruiting and hiring	22,583	2,177	52,444	54,621	77,204	14,762
Bank fees	23,827	14,833	29,562	44,395	68,222	66,014
Meetings and exhibits	27,554	—	25,880	25,880	53,434	16,576
Postage	14,789	10,957	9,036	19,993	34,782	31,046
Scholarship	1,279	25,329	—	25,329	26,608	20,017
Trustee travel	—	13,684	—	13,684	13,684	7,970
Total other expenses	<u>4,152,927</u>	<u>1,069,755</u>	<u>1,611,374</u>	<u>2,681,129</u>	<u>6,834,056</u>	<u>5,417,659</u>
Total expenses before depreciation	39,772,632	2,350,981	3,440,885	5,791,866	45,564,498	40,736,749
Depreciation	651,644	47,619	—	47,619	699,263	650,297
<b>Total expenses</b>	<b>\$ 40,424,276</b>	<b>\$ 2,398,600</b>	<b>\$ 3,440,885</b>	<b>\$ 5,839,485</b>	<b>\$ 46,263,761</b>	<b>\$ 41,387,046</b>

The Accompanying Notes are an Integral  
Part of These Consolidated Financial Statements

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE A – NATURE OF ACTIVITIES**

Florida Baptist Children's Homes, Inc. d/b/a One More Child ("the Organization") is a faith-based not-for-profit corporation dedicated to providing Christ-centered services to vulnerable children and struggling families. The Organization is a cooperating ministry of the Florida Baptist State Convention. The Organization serves foster families, trafficking victims, hungry children, single moms, and struggling families in service centers across the state of Florida, as well as through initiatives and volunteer opportunities across the United States and around the world.

In conformity with accounting principles generally accepted in the United States of America ("GAAP"), the Organization's consolidated financial statements include the accounts of the following entities, which are separate legal entities:

- FBCH Land Holdings, Inc. – a not-for-profit Florida corporation established for the purpose of holding title to certain real property and allowing such property to be used by the Organization at a cost that is well below market value. The Organization has the authority to appoint FBCH Land Holdings, Inc.'s board of directors.
- FBCH Land Holdings II, Inc. – a not-for-profit Florida corporation established for the purpose of holding title to certain real property. The Organization has the authority to appoint FBCH Land Holdings II, Inc.'s board of directors.
- One More Child Foundation, Inc. ("the Foundation") – a not-for-profit Florida corporation established for the purpose of pursuing and administering non-traditional donations for the benefit of the Organization. The Organization has the authority to appoint the Foundation's board of directors.

All entities are collectively referred to herein as "the Organization."

All significant interorganization balances and transactions have been eliminated in consolidation.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. 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 accompanying consolidated statement of activities as "net assets released from time and use restrictions."

Child support and contract revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled for providing child support and other services. Such amounts are generally due from Florida community-based care lead agencies and other state institutions. Generally, the Organization invoices such agencies and institutions throughout the year as services are provided. Revenue is recognized in the period the related services are provided. Performance obligations are determined based on the nature of the services provided by the Organization. Generally, the Organization measures the performance obligation for child support from when a child is placed into the care of the Organization, to the point when the Organization is no longer required to provide such support services. The Organization determines the transaction prices based on agreed upon rate agreements and contract terms.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Split-interest gifts**

For irrevocable split-interest arrangements such as charitable gift annuities, charitable remainder trusts, and similar arrangements in which the Organization is trustee or custodian, the assets of such arrangements are reflected in the Organization's consolidated financial statements as further described in Note E. The carrying values of such investments conform to GAAP, which generally require that investment securities be carried at estimated fair value at all times and that other assets be carried at the estimated fair value of the assets on the date the assets are contributed, unadjusted for subsequent changes in value. Also, for arrangements in which the Organization is trustee or custodian, a liability is recognized for the estimated present value of benefits payable to other beneficiaries. For split-interest arrangements in which the Organization is not the trustee or custodian, the Organization recognizes an asset for the estimated present value of the Organization's benefits under the arrangements.

For all irrevocable split-interest arrangements, regardless of whether or not the Organization acts as trustee or custodian, contribution revenue without donor restrictions or with donor restrictions is recognized for the estimated present value of the Organization's benefits under each such arrangement in the year the arrangement is established or in the year in which the Organization is provided sufficient information about the existence and nature of the arrangement. Periodic adjustments are made for changes in estimated present values using applicable mortality tables and appropriate discount rates. State law imposes certain restrictions on the manner in which charitable gift annuity assets may be invested.

**Cash and cash equivalents**

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

**Cash designated for long-term purposes**

Cash designated for long-term purposes is designated by the Board of Directors for various purposes as described in Note K.

**Investments**

Investments consist of common and preferred stocks, debt securities, and mutual funds which are recorded at estimated fair value.

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Organization uses the straight-line method of depreciating assets over their respective estimated useful lives.

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board has designated a portion of net assets as further described in Note K. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

**Functional allocation of expenses**

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes**

Each organization described in Note A is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. Each organization is further classified as a public charity and not a private foundation for federal tax purposes. The organizations have not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

**Use of estimates**

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in estimating the fair value of investments, the fair value of noncash contributions, the useful lives of property and equipment, and the liabilities for charitable gift annuities. Actual results could differ from the estimates.

**Economic uncertainties**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for 2022.

**Subsequent events**

The Organization has evaluated for possible financial reporting and disclosure subsequent events through June 24, 2022, the date as of which the consolidated financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position are as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets available:		
Cash and cash equivalents	\$ 21,801,519	\$ 16,168,825
Cash designated for long-term purposes	2,473,443	2,870,020
Cash and investments restricted for long-term purposes (see Note F)	13,062,485	12,838,882
Investments	<u>85,962,301</u>	<u>71,175,570</u>
Total financial assets available	123,299,748	103,053,297
Less amounts unavailable for general expenditure within one year due to:		
Board designations	(2,473,443)	(2,870,020)
Donor-imposed restrictions	<u>(21,164,513)</u>	<u>(18,736,957)</u>
Net financial assets available within one year	<u>\$ 99,661,792</u>	<u>\$ 81,446,320</u>

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for various purposes as more fully described in Note K. Because of the designations, those amounts are not available for general expenditure within the next year; however, the Board of Directors could make them available, if necessary.

The Organization also has certain assets limited to use for donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditure within one year of December 31, 2021 and 2020, and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Organization has sufficient investments available for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

**NOTE D – CONCENTRATIONS**

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**NOTE E – INVESTMENTS**

Investments, including investments restricted for long-term purposes (see Note F), consisted of the following:

Category	December 31,	
	2021	2020
Common and preferred stocks	\$ 72,569,734	\$ 60,286,320
Debt securities	19,010,913	16,861,936
Mutual funds	3,461,442	3,006,486
Total investments	\$ 95,042,089	\$ 80,154,742

**NOTE F – ASSETS RESTRICTED FOR LONG-TERM PURPOSES**

Assets restricted for long-term purposes consisted of the following:

Category	December 31,	
	2021	2020
Cash and cash equivalents	\$ 3,982,697	\$ 3,859,710
Investments	9,079,788	8,979,172
Pledge receivable	900,000	1,000,000
Total assets restricted for long-term purposes	\$ 13,962,485	\$ 13,838,882

**FLORIDA BAPTIST CHILDREN’S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE F – ASSETS RESTRICTED FOR LONG-TERM PURPOSES (Continued)**

Assets restricted for long-term purposes were restricted for the following purposes:

Category	December 31,	
	2021	2020
Endowment funds and trusts	\$ 7,941,110	\$ 7,923,015
Capital improvements	4,880,767	4,803,067
Net investments held for charitable gift annuities	1,140,608	1,112,800
Total assets restricted for long-term purposes	\$ 13,962,485	\$ 13,838,882

**NOTE G – FAIR VALUE MEASUREMENTS**

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of the Organization’s beneficial interest in perpetual trusts held by others measured using Level 3 inputs is based on a valuation model that calculates the discounted present value of the estimated future distributions the Organization expects to receive as well as amounts provided by banks and financial institutions. The estimated fair value of charitable gift annuities payable measured using Level 3 inputs is based on a valuation model that calculates the discounted present value of the estimated payments to be made by the Organization under the contracts, applying certain assumptions regarding interest rates and life expectancies.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE G – FAIR VALUE MEASUREMENTS (Continued)**

Estimated fair value of certain assets (liabilities) measured on a recurring basis at December 31, 2021, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common and preferred stocks	\$ 72,569,734	\$ 72,569,734	\$ —	\$ —
Debt securities	19,010,913	19,010,913	—	—
Mutual funds	3,461,442	3,461,442	—	—
Beneficial interest in perpetual trusts held by others	<u>3,248,249</u>	<u>—</u>	<u>—</u>	<u>3,248,249</u>
Total	<u>\$ 98,290,338</u>	<u>\$ 95,042,089</u>	<u>\$ —</u>	<u>\$ 3,248,249</u>
Present value of charitable gift annuities payable	<u>\$ (353,315)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (353,315)</u>

Estimated fair value of certain assets (liabilities) measured on a recurring basis at December 31, 2020, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common and preferred stocks	\$ 60,286,320	\$ 60,286,320	\$ —	\$ —
Debt securities	16,861,936	16,861,936	—	—
Mutual funds	3,006,486	3,006,486	—	—
Beneficial interest in perpetual trusts held by others	<u>3,058,741</u>	<u>—</u>	<u>—</u>	<u>3,058,741</u>
Total	<u>\$ 83,213,483</u>	<u>\$ 80,154,742</u>	<u>\$ —</u>	<u>\$ 3,058,741</u>
Present value of charitable gift annuities payable	<u>\$ (447,601)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (447,601)</u>

The change in the components of financial instruments measured using Level 3 inputs in each of the years 2021 and 2020 was immaterial.

**NOTE H – BENEFICIAL INTEREST IN PERPETUAL TRUSTS HELD BY OTHERS**

Beneficial interest in perpetual trusts held by others consisted of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Beneficial interest in perpetual trusts held by others	\$ 1,853,389	\$ 1,691,007
Beneficial interest in perpetual trusts held by Florida Baptist Foundation, Inc. ("FBF")	<u>1,394,860</u>	<u>1,367,734</u>
Total beneficial interest in perpetual trusts held by others	<u>\$ 3,248,249</u>	<u>\$ 3,058,741</u>

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE I – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

Category	December 31,	
	2021	2020
Land	\$ 6,259,121	\$ 8,852,876
Buildings and building improvements	23,667,755	23,550,731
Furniture and equipment	1,866,936	3,175,344
Vehicles	1,085,421	1,140,307
Construction in progress	1,412,955	1,279,579
Total	34,292,188	37,998,837
Less: Accumulated depreciation	(9,835,566)	(12,352,836)
Net property and equipment	\$ 24,456,622	\$ 25,646,001

Depreciation expense amounted to \$699,263 and \$650,297 for 2021 and 2020, respectively. During 2021, the Organization sold certain property and equipment for approximately \$6,067,000. The sales resulted in a net gain of \$1,827,661 which is included in the accompanying consolidated statement of activities as “gain on sale of property and equipment.”

**NOTE J – PAYCHECK PROTECTION PROGRAM**

During 2020, the Organization obtained a Paycheck Protection Program note payable (“PPP loan”) of \$1,919,162. The PPP loan was unsecured and payable to a financial institution at a fixed rate of 1.00% per annum with a deferral of interest and principal payments for a certain period. The PPP loan was forgiven entirely by the Small Business Administration during 2021 based on the nature of the Organization’s expenditures during an applicable period. During 2020, management estimated that the Organization incurred or spent \$1,919,162 of expenditures eligible for forgiveness which was recognized as a reduction to “note payable” in the accompanying consolidated statement of financial position as of December 31, 2020 (reducing the balance of the PPP loan to zero) and as “grant revenue” in the accompanying consolidated statement of activities for the year ended December 31, 2020.

**NOTE K – BOARD DESIGNATED NET ASSETS**

Net assets were designated by the Organization’s Board of Directors for the following purposes as of December 31, 2021 and 2020:

Category	December 31,	
	2021	2020
Capital repairs	\$ 1,099,206	\$ 1,011,856
Capital improvements	826,476	1,352,012
Vehicle repairs	459,336	384,781
Insurance reserve	88,425	121,371
Total board designated net assets	\$ 2,473,443	\$ 2,870,020

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE L - NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions were for the following purposes during 2021:

	Balance		Investment		Balance
	<u>January 1</u>	<u>Contributions</u>	<u>Income, net</u>	<u>Disbursements/</u>	<u>December 31</u>
			<u>and Other</u>	<u>Releases</u>	
Appreciation on endowment net assets	\$ 5,104,634	\$ —	\$ 2,315,311	\$ —	\$ 7,419,945
Endowment corpus with distributions available for general operating purposes	7,189,629	14,095	—	—	7,203,724
Capital improvements	4,803,067	177,700	—	(100,000)	4,880,767
Beneficial interest in perpetual trusts held by others	1,691,007	—	162,382	—	1,853,389
Beneficial interest in perpetual trusts held by FBF	1,367,734	—	27,126	—	1,394,860
Other time and use restrictions	543,772	778,096	36,351	—	1,358,219
Global	1,242,769	62,951	—	—	1,305,720
Net investment held for charitable gift annuities	1,112,800	—	271,872	(244,064)	1,140,608
Scholarships	793,441	—	—	(11,358)	782,083
Endowment corpus with distributions restricted for various purposes	<u>733,386</u>	<u>4,000</u>	<u>—</u>	<u>—</u>	<u>737,386</u>
<b>Total</b>	<b><u>\$ 24,582,239</u></b>	<b><u>\$ 1,036,842</u></b>	<b><u>\$ 2,813,042</u></b>	<b><u>\$ (355,422)</u></b>	<b><u>\$ 28,076,701</u></b>

Net assets with restrictions were for the following purposes during 2020:

	Balance		Investment		Balance
	<u>January 1</u>	<u>Contributions</u>	<u>Income, net</u>	<u>Disbursements/</u>	<u>December 31</u>
			<u>and Other</u>	<u>Releases</u>	
Endowment corpus with distributions available for general operating purposes	\$ 4,172,629	\$ 3,017,000	\$ —	\$ —	\$ 7,189,629
Appreciation on endowment net assets	3,432,270	—	1,672,364	—	5,104,634
Capital improvements	2,271,399	2,531,668	—	—	4,803,067
Beneficial interest in perpetual trusts held by others	1,499,769	—	191,238	—	1,691,007
Beneficial interest in perpetual trusts held by FBF	1,312,922	—	54,812	—	1,367,734
Global	1,177,241	65,528	—	—	1,242,769
Net investment held for charitable gift annuities	939,125	21,303	152,372	—	1,112,800
Scholarships	797,322	—	—	(3,881)	793,441

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE L – NET ASSETS WITH RESTRICTIONS (Continued)**

	Balance		Investment		Balance
	<u>January 1</u>	<u>Contributions</u>	<u>Income, net</u>	<u>Disbursements/</u>	<u>December 31</u>
			<u>and Other</u>	<u>Releases</u>	
Endowment corpus with distributions restricted for various purposes	\$ 732,386	\$ 1,000	\$ —	\$ —	\$ 733,386
Other time and use restrictions	<u>634,718</u>	<u>—</u>	<u>41,613</u>	<u>(132,559)</u>	<u>543,772</u>
Total	<u>\$ 16,969,781</u>	<u>\$ 5,636,499</u>	<u>\$ 2,112,399</u>	<u>\$ (136,440)</u>	<u>\$ 24,582,239</u>

The Organization preserves the estimated fair value of endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, the Organization classifies as “endowment corpus” (a) the original value of gifts donated to the endowments and (b) the original value of subsequent gifts to the endowments. The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The Organization seeks the advice of investment counsel, as well as management and the Board, when determining amounts to be spent on supported programs. The Organization has adopted a current spending policy of 5% of the estimated fair value of the endowment funds.

**NOTE M – NONCASH CONTRIBUTIONS**

The Organization receives donations of food and beverages, clothing, toys, daily living essentials, and other similar donations from individuals and corporate partners for use in relieving suffering and poverty throughout Florida. Noncash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to the end user. During 2021 and 2020, the Organization recognized noncash contributions of \$29,178,217 and \$23,878,362, respectively, related to these efforts which are included within “contributions without donor restrictions - noncash” in the accompanying consolidated statements of activities.

**NOTE N – RETIREMENT PLAN**

The Organization participates in a defined contribution retirement plan administered by Guidestone Financial Resources of the Southern Baptist Convention (“the Plan”). The Plan covers all employees of the Organization meeting certain eligibility requirements. The Organization contributed approximately \$538,000 and \$484,000 to the Plan during 2021 and 2020, respectively.

**NOTE O – SELF-INSURANCE PROGRAM**

The Organization maintains a self-insurance program for health insurance coverage for its employees. The Organization has contracted with a third-party administrator to process the health insurance claims. Under the contract, the Organization is self-insured for each employee for the first \$75,000 of claims incurred in a calendar year. The Organization has a reinsurance policy that covers claims over \$75,000 per employee per year. The Organization has stop-loss insurance of \$75,000 for individuals per period and \$1,000,000 in the aggregate per period. As of December 31, 2021 and 2020, claims incurred but not paid or reported were not material to the consolidated financial statements and are included within “accounts payable and accrued expenses” in the accompanying consolidated statements of financial position.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD  
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Information For December 31, 2020)

**NOTE P – TRANSACTIONS WITH COOPERATING MINISTRIES**

The Organization is a cooperating ministry of the Florida Baptist State Convention. The Florida Baptist State Convention provides funding to the Organization through the Cooperative Program administered by Florida Baptist Convention, Inc. The Organization received approximately \$987,000 and \$912,000 from Florida Baptist Convention, Inc. related to this program during 2021 and 2020, respectively. These amounts are included within “contributions without donor restrictions” in the accompanying consolidated statements of activities.

Florida Baptist Foundation, Inc. (“FBF”) is also a cooperating ministry of the Florida Baptist State Convention. FBF serves as trustee over a number of investment accounts for the Organization, and also holds trusts in which the Organization has a beneficial interest. FBF was trustee of approximately \$4,121,000 and \$3,700,000 of the Organization’s cash and investments as of December 31, 2021 and 2020, respectively. Further, the Organization had a beneficial interest in trusts held by FBF in the amount of \$1,394,860 and \$1,367,734 as of December 31, 2021 and 2020, respectively.

**NOTE Q – CONTINGENCIES**

From time to time, the Organization becomes aware of the existence of possible legal claims against it. While possible claims may exist, management does not have any basis for concluding that such claims would have a material adverse effect on the consolidated financial statements.

## **Supplemental Information**

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**  
**SUPPLEMENTAL CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
December 31, 2021  
(UNAUDITED)

ASSETS						
	Florida Baptist Children's Homes, Inc.	FBCH Land Holdings, Inc.	FBCH Land Holdings II, Inc.	One More Child Foundation, Inc.	Eliminations	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,306,009	\$ 8,389,622	\$ 8,799	\$ 2,097,089	\$ —	\$ 21,801,519
Cash designated for long-term purposes	1,646,967	826,476	—	—	—	2,473,443
Assets restricted for long-term purposes	2,300,756	3,980,767	—	7,680,962	—	13,962,485
Investments	8,743,165	—	—	77,219,136	—	85,962,301
Property and equipment, net	316,733	24,139,889	—	—	—	24,456,622
Beneficial interest in perpetual trusts held by others	3,248,249	—	—	—	—	3,248,249
Other assets	4,263,749	273,782	—	—	(1,583,643)	2,953,888
<b>Total assets</b>	<b>\$ 31,825,628</b>	<b>\$ 37,610,536</b>	<b>\$ 8,799</b>	<b>\$ 86,997,187</b>	<b>\$ (1,583,643)</b>	<b>\$ 154,858,507</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 1,730,732	\$ 1,260,000	\$ 2,500	\$ 48,000	\$ (1,583,643)	\$ 1,457,589
Present value of charitable gift annuities payable	353,315	—	—	—	—	353,315
<b>Total liabilities</b>	<b>2,084,047</b>	<b>1,260,000</b>	<b>2,500</b>	<b>48,000</b>	<b>(1,583,643)</b>	<b>1,810,904</b>
<b>NET ASSETS</b>						
Without donor restrictions						
Operating	18,211,426	7,403,404	6,299	72,419,708	—	98,040,837
Net investment in property and equipment	316,733	24,139,889	—	—	—	24,456,622
Board designated	1,646,967	826,476	—	—	—	2,473,443
Total net assets without donor restrictions	20,175,126	32,369,769	6,299	72,419,708	—	124,970,902
With donor restrictions	9,566,455	3,980,767	—	14,529,479	—	28,076,701
<b>Total net assets</b>	<b>29,741,581</b>	<b>36,350,536</b>	<b>6,299</b>	<b>86,949,187</b>	<b>—</b>	<b>153,047,603</b>
<b>Total liabilities and net assets</b>	<b>\$ 31,825,628</b>	<b>\$ 37,610,536</b>	<b>\$ 8,799</b>	<b>\$ 86,997,187</b>	<b>\$ (1,583,643)</b>	<b>\$ 154,858,507</b>

# FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES

## SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2021

(UNAUDITED)

	Florida Baptist Children's Homes, Inc.	FBCH Land Holdings, Inc.	FBCH Land Holdings II, Inc.	One More Child Foundation, Inc.	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>						
Public support and revenue						
Contributions - noncash	\$ 29,178,217	\$ —	\$ —	\$ —	\$ —	\$ 29,178,217
Contributions	14,988,398	—	—	—	—	14,988,398
Net gain on investments	594,771	—	—	10,524,871	—	11,119,642
Child support and contracts	4,906,093	—	—	—	—	4,906,093
Net gain on sale of property and equipment	25,050	1,802,611	—	—	—	1,827,661
Interest and dividend income	109,786	—	—	925,738	—	1,035,524
Other revenue	285,946	331,945	—	—	—	617,891
Grant from affiliates	2,274,516	7,623,696	—	8,158	(9,906,370)	—
Total public support and revenue	52,362,777	9,758,252	—	11,458,767	(9,906,370)	63,673,426
Net assets released from time and use restrictions	355,422	—	—	—	—	355,422
Total public support and revenue and net assets released from time and use restrictions	52,718,199	9,758,252	—	11,458,767	(9,906,370)	64,028,848
Expenses						
Program services						
Compassion ministries	28,978,146	—	—	—	—	28,978,146
Foster care	3,434,341	79,840	—	—	—	3,514,181
Anti-trafficking	1,868,219	—	—	—	—	1,868,219
Global	1,629,657	—	—	—	—	1,629,657
State programs	1,529,845	37,259	—	—	—	1,567,104
Campus ministries	833,593	415,169	—	—	—	1,248,762
Single moms	973,895	—	—	—	—	973,895
Family support	644,312	—	—	—	—	644,312
Grant to affiliates	7,631,854	60,000	2,500	2,212,016	(9,906,370)	—
Total program services	47,523,862	592,268	2,500	2,212,016	(9,906,370)	40,424,276
Support services						
General administration	2,386,735	11,743	61	61	—	2,398,600
Promotion and development	3,440,885	—	—	—	—	3,440,885
Total support services	5,827,620	11,743	61	61	—	5,839,485
Total expenses	53,351,482	604,011	2,561	2,212,077	(9,906,370)	46,263,761
<b>Change in net assets without donor restrictions</b>	<b>(633,283)</b>	<b>9,154,241</b>	<b>(2,561)</b>	<b>9,246,690</b>	<b>—</b>	<b>17,765,087</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>						
Contributions	1,036,842	—	—	—	—	1,036,842
Net gain on investments	272,517	—	—	1,999,444	—	2,271,961
Interest and dividend income	14,874	—	—	233,481	—	248,355
Change in beneficial interest in perpetual trusts held by others	189,508	—	—	—	—	189,508
Net change in present value of charitable gift annuities payable	103,218	—	—	—	—	103,218
Net assets released from time and use restrictions	(355,422)	—	—	—	—	(355,422)
Grant to/from affiliates	(195,795)	177,700	—	18,095	—	—
<b>Change in net assets with donor restrictions</b>	<b>1,065,742</b>	<b>177,700</b>	<b>—</b>	<b>2,251,020</b>	<b>—</b>	<b>3,494,462</b>
<b>CHANGE IN NET ASSETS</b>	<b>432,459</b>	<b>9,331,941</b>	<b>(2,561)</b>	<b>11,497,710</b>	<b>—</b>	<b>21,259,549</b>
<b>NET ASSETS - Beginning of year</b>	<b>29,309,122</b>	<b>27,018,595</b>	<b>8,860</b>	<b>75,451,477</b>	<b>—</b>	<b>131,788,054</b>
<b>NET ASSETS - End of year</b>	<b>\$ 29,741,581</b>	<b>\$ 36,350,536</b>	<b>\$ 6,299</b>	<b>\$ 86,949,187</b>	<b>\$ —</b>	<b>\$ 153,047,603</b>

**FLORIDA BAPTIST CHILDREN'S HOMES, INC. D/B/A ONE MORE CHILD AND AFFILIATES**  
**SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2021  
(UNAUDITED)

	Florida Baptist Children's Homes, Inc.	FBCH Land Holdings, Inc.	FBCH Land Holdings II, Inc.	One More Child Foundation, Inc.	Eliminations	Total
<b>OPERATING CASH FLOWS</b>						
Cash received from contributors	\$ 13,442,085	\$ —	\$ —	\$ —	\$ —	\$ 13,442,085
Cash received for child support and contracts	4,236,402	—	—	—	—	4,236,402
Cash received from interest and dividends	124,660	—	—	1,159,219	—	1,283,879
Cash received from affiliates	2,274,516	5,026,842	—	8,158	(7,309,516)	—
Other revenue received	285,946	331,945	—	—	—	617,891
Cash paid for operating activities and costs	<u>(22,995,771)</u>	<u>(71,743)</u>	<u>(61)</u>	<u>(2,164,077)</u>	<u>7,505,311</u>	<u>(17,726,341)</u>
<b>Net operating cash flows</b>	<b><u>(2,632,162)</u></b>	<b><u>5,287,044</u></b>	<b><u>(61)</u></b>	<b><u>(996,700)</u></b>	<b><u>195,795</u></b>	<b><u>1,853,916</u></b>
<b>INVESTING CASH FLOWS</b>						
Net purchases of investments	(1,134,966)	—	—	(260,162)	—	(1,395,128)
Net release of (investment in) assets restricted for long-term purposes	17,479	—	—	(18,095)	—	(616)
Net proceeds from sale of property and equipment	18,050	6,049,263	—	—	—	6,067,313
Purchases of and improvements to property and equipment	(18,499)	(3,731,037)	—	—	—	(3,749,536)
Grant to/from affiliates of assets restricted for long-term purposes	<u>—</u>	<u>177,700</u>	<u>—</u>	<u>—</u>	<u>(177,700)</u>	<u>—</u>
<b>Net investing cash flows</b>	<b><u>(1,117,936)</u></b>	<b><u>2,495,926</u></b>	<b><u>—</u></b>	<b><u>(278,257)</u></b>	<b><u>(177,700)</u></b>	<b><u>922,033</u></b>
<b>FINANCING CASH FLOWS</b>						
Proceeds from contributions restricted for:						
Investment in property and equipment	2,565,060	—	—	—	—	2,565,060
Endowment	18,095	—	—	—	—	18,095
Grant to/from affiliates restricted for long-term endowment	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,095</u>	<u>(18,095)</u>	<u>—</u>
<b>Net financing cash flows</b>	<b><u>2,583,155</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>18,095</u></b>	<b><u>(18,095)</u></b>	<b><u>2,583,155</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH</b>	<b><u>(1,166,943)</u></b>	<b><u>7,782,970</u></b>	<b><u>(61)</u></b>	<b><u>(1,256,862)</u></b>	<b><u>—</u></b>	<b><u>5,359,104</u></b>
<b>CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH - Beginning of year</b>	<b><u>14,121,849</u></b>	<b><u>5,413,895</u></b>	<b><u>8,860</u></b>	<b><u>3,353,951</u></b>	<b><u>—</u></b>	<b><u>22,898,555</u></b>
<b>CASH AND CASH EQUIVALENTS, DESIGNATED CASH, AND RESTRICTED CASH - End of year</b>	<b><u>\$ 12,954,906</u></b>	<b><u>\$ 13,196,865</u></b>	<b><u>\$ 8,799</u></b>	<b><u>\$ 2,097,089</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 28,257,659</u></b>
<b>REPORTED IN THE CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS FOLLOWS</b>						
Cash and cash equivalents	\$ 11,306,009	\$ 8,389,622	\$ 8,799	\$ 2,097,089	\$ —	\$ 21,801,519
Cash designated for long-term purposes	1,646,967	826,476	—	—	—	2,473,443
Restricted cash included in "assets restricted for long-term purposes"	<u>1,930</u>	<u>3,980,767</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,982,697</u>
<b>Total cash and cash equivalents, designated cash, and restricted cash</b>	<b><u>\$ 12,954,906</u></b>	<b><u>\$ 13,196,865</u></b>	<b><u>\$ 8,799</u></b>	<b><u>\$ 2,097,089</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 28,257,659</u></b>

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**For The Year Ended December 31, 2021**

Federal Agency	Federal CFDA Number	Contract/Grant Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through State of Florida Department of Children and Families:			
Brevard Family Partnership:			
Temporary Assistance for Needy Families	93.558	CPA2001	\$ 177
Foster Care Title IV-E	93.658	CPA2001	118,323
Adoption Assistance	93.659	CPA2001	9,010
Children's Network of Southwest Florida:			
Foster Care Title IV-E	93.658	SAS13	600
Temporary Assistance for Needy Families	93.558	BAR01	445
Foster Care Title IV-E	93.658	BAR01	296,193
Adoption Assistance	93.659	BAR01	22,561
Community Partnership for Children:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	D12-20-FBCH-CPA	300
Temporary Assistance for Needy Families	93.558	D12-20-FBCH-CPA	31,457
Stephanie Tubbs Jones Child Welfare Services Program	93.645	D12-20-FBCH-CPA	2,100
Foster Care Title IV-E	93.658	D12-20-FBCH-CPA	100,399
Adoption Assistance	93.659	D12-20-FBCH-CPA	3,927
Eckerd Community Alternatives:			
Temporary Assistance for Needy Families	93.558	ECA-C6-TFC-FBCH-FY22 C6	146
Foster Care Title IV-E	93.658	ECA-C6-TFC-FBCH-FY22 C6	95,556
Adoption Assistance	93.659	ECA-C6-TFC-FBCH-FY22 C6	7,330
Embrace Families:			
Temporary Assistance for Needy Families	93.558	OROS 005-1619	26,812
Stephanie Tubbs Jones Child Welfare Services Program	93.645	OROS 005-1619	9,474
Foster Care Title IV-E	93.658	OROS 005-1619	142,837
Adoption Assistance	93.659	OROS 005-1619	6,522
Social Services Block Grant	93.667	OROS 005-1619	5,764
Family First Network/Lakeview:			
Temporary Assistance for Needy Families	93.558	AJ495	180
Foster Care Title IV-E	93.658	AJ495	119,825
Adoption Assistance	93.659	AJ495	179,044
Family Integrity Program:			
Temporary Assistance for Needy Families	93.558	Other assistance	1,812
Foster Care Title IV-E	93.658	Other assistance	30,752
Adoption Assistance	93.659	Other assistance	5,499
Family Support Services of North Florida:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	DJ038	277
Temporary Assistance for Needy Families	93.558	DJ038	29,037
Stephanie Tubbs Jones Child Welfare Services Program	93.645	DJ038	1,939
Foster Care Title IV-E	93.658	DJ038	92,720
Adoption Assistance	93.659	DJ038	3,628
Heartland for Children:			
Foster Care Title IV-E	93.658	RFB02	6,913
Social Services Block Grant	93.667	RFB02	1,187
Temporary Assistance for Needy Families	93.558	QFB01	174
Foster Care Title IV-E	93.658	QFB01	144,488
Adoption Assistance	93.659	QFB01	8,870
Social Services Block Grant	93.667	QFB01	18,446
Temporary Assistance for Needy Families	93.558	RFB01	62
Foster Care Title IV-E	93.658	RFB01	41,699
Adoption Assistance	93.659	RFB01	3,185

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)**  
**For The Year Ended December 31, 2021**

Federal Agency	Federal CFDA Number	Contract/Grant Number	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through State of Florida Department of Children and Families (Continued):			
Partnership for Strong Families:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	PNP932	\$ 76
Temporary Assistance for Needy Families	93.558	PNP932	8,471
Stephanie Tubbs Jones Child Welfare Services Program	93.645	PNP932	532
Foster Care Title IV-E	93.658	PNP932	357,430
Adoption Assistance	93.659	PNP932	26,466
Safe Children Coalition:			
Temporary Assistance for Needy Families	93.558	FBHOHCS20	30,731
Foster Care Title IV-E	93.658	FBHOHCS20	118,288
Adoption Assistance	93.659	FBHOHCS20	21,288
Social Services Block Grant	93.667	FBHOHCS20	38,097
<b>U.S. Department of Justice</b>			
Voices of Florida:			
Crime Victim Assistance	16.575	00720	552,059
<b>U.S. Department of Treasury</b>			
United Way of Central Florida:			
COVID-19 - Coronavirus Relief Fund	21.019	PCU MOU S 22 2020	<u>51,000</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,774,108</u></b>
State Agency	State CSFA Number	Contract/Grant Number	Expenditures
<b>Florida Department of Children and Families</b>			
Children's Network of Southwest Florida:			
Out-of-Home Supports	60.074	SAS13	\$ 5,400
CBC- Sexually Exploited Children	60.138	SAS13	28,500
Community Partnership for Children:			
Out-of-Home Supports	60.074	D12-20-FBCH-CPA	291,213
Embrace Families:			
CBC- Sexually Exploited Children	60.138	OROS 005-1619	24,321
Family First Network/Lakeview:			
Out-of-Home Supports	60.074	AJ495	44,408
Heartland for Children:			
CBC- Sexually Exploited Children	60.138	QFB02	18,600
CBC- Sexually Exploited Children	60.138	RFB02	33,000
State Appropriations:			
Services to Victims of Sexual Exploitation	60.152	TJ504	214,587
Services to Victims of Sexual Exploitation	60.152	TJ505	200,000
Florida Baptist Children's Homes - Brave Moms Program	60.165	LJ971	250,000
<b>Florida Department of Legal Affairs and Attorney General</b>			
Voices of Florida:			
Florida Center for Children and Youth, Open Doors/Voices for Florida	41.024	K05014	82,440
Florida Center for Children and Youth, Open Doors/Voices for Florida	41.024	K05174	55,575
<b>Florida Department of Juvenile Justice</b>			
State Appropriations:			
Delinquency Prevention	80.029	10662	<u>234,456</u>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 1,482,500</u></b>
<b>Total Federal and State Awards</b>			<b><u>\$ 4,256,608</u></b>

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)  
 For The Year Ended December 31, 2021

**Reconciliation of Amounts as Reported by Federal CFDA and State CSFA Number**

Federal Program Title	Federal CFDA Number	Expenditures
MaryLee Allen Promoting Safe and Stable Families Program	93.556	\$ 653
Temporary Assistance for Needy Families	93.558	129,504
Foster Care Title IV-E	93.658	1,666,023
Adoption Assistance	93.659	297,330
Stephanie Tubbs Jones Child Welfare Services Program	93.645	14,045
Social Services Block Grant	93.667	63,494
Crime Victims Assistance	16.575	552,059
COVID-19 - Coronavirus Relief Fund	21.019	51,000
<b>Total Expenditures of Federal Awards by CFDA Number</b>		<b>\$ 2,774,108</b>
State Awards Title	State CSFA Number	Expenditures
Florida Center for Children and Youth, Open Doors/Voices for Florida	41.024	\$ 138,015
Out-of-Home Supports	60.074	341,021
CBC- Sexually Exploited Children	60.138	104,421
Services to Victims of Sexual Exploitation	60.152	414,587
Florida Baptist Children's Homes - Brave Moms Program	60.165	250,000
Delinquency Prevention	80.029	234,456
<b>Total Expenditures of State Awards by CSFA Number</b>		<b>\$ 1,482,500</b>
<b>Total Federal and State Awards</b>		<b>\$ 4,256,608</b>

## **FLORIDA BAPTIST CHILDREN'S HOMES, INC.**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

For The Year Ended December 31, 2021

#### **NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance ("the Schedule") includes the federal and state award activity of Florida Baptist Children's Homes, Inc. ("the Organization") under programs of the federal and state government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650 Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, consolidated changes in net assets, or consolidated cash flows of the Organization.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **NOTE C - INDIRECT COST RATE**

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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

The Board of Trustees  
Florida Baptist Children's Homes, Inc.  
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Florida Baptist Children's Homes, Inc. ("the Organization"), which consist of the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 24, 2022, except for our report on the supplementary information for which the date is September 27, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the consolidated 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
September 27, 2022



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

The Board of Trustees  
Florida Baptist Children's Homes, Inc.  
Lakeland, Florida

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

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

We have audited Florida Baptist Children's Homes, Inc.'s ("the Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, and the requirements identified as subject to audit in 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 state projects for the year ended December 31, 2021. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs – Federal Programs and State Projects.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("the Uniform Guidance"); and Chapter 10.650 Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional misstatements, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and Chapter 10.650 Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Auditor General. Accordingly, this report is not suitable for any other purpose.



BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
September 27, 2022

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS**  
For The Year Ended December 31, 2021

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the consolidated financial statements of Florida Baptist Children's Homes, Inc. ("the Organization") were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs and state projects are reported in the Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance with requirements applicable to the major federal programs and state projects for the Organization expresses an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to federal programs in accordance with 2 CFR section 200.516(a), nor did our audit disclose any findings related to state projects required to be disclosed in accordance with Chapter 10.656, Rules of the Auditor General.
7. The programs and projects tested as major programs and projects included the following:

Federal Programs	Federal CFDA Number
Department of Health and Human Services: Foster Care Title IV-E	93.658
State Projects	State CSFA Number
Florida Department of Children and Families: Out-of-Home Supports Services to Victims of Sexual Exploitation	60.074 60.152

8. The threshold used for distinguishing between Type A and B programs was \$750,000 for major federal programs and \$444,750 for major state projects.
9. The Organization did not qualify as a low-risk auditee.

**B. FINDINGS**

There are no findings to report.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS  
(Continued)  
For The Year Ended December 31, 2021

**C. OTHER ISSUES**

Prior audit findings are summarized in the Summary Schedule of Prior Audit Findings.

No management letter is required because there were no findings required to be reported in the management letter under Rule 10.656(3)(e) of the Rules of the Auditor General.

**FLORIDA BAPTIST CHILDREN'S HOMES, INC.**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Year Ended December 31, 2021

U.S. Department of Treasury

**FINDINGS – MAJOR FEDERAL PROGRAMS**

**MATERIAL WEAKNESS**

2020-001. U.S. Department of Treasury  
COVID-19 - Coronavirus Relief Fund – CFDA 21.019  
Grant No. PCU MOU S 22 2020 – Grant Period - March 1, 2020 through December 31, 2020

We recommend certain improvements related to the preparation and review of the Organization's Schedule of Expenditures of Federal Awards and State Financial Assistance.

*Condition:* The Organization did not identify one contract that was subject to federal single audit reporting requirements.

*Recommendation:* We recommend that the Organization carefully review all contracts each year as a part of the preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance to ensure all funds subject to federal single audit requirements are properly included. Careful attention should also be given to new or unique contracts and contract amendments.

*Current Status:* Management has formed an internal Contracts Review Team, created a Director of Compliance position, and implemented procedures that include seeking professional counsel if needed in determining whether a new contract or grant is subject to federal single audit requirements and correctly included or excluded from the Schedule of Expenditures of Federal Awards and State Financial Assistance.