PARTNERSHIP FOR STRONG FAMILIES, INC.

FINANCIAL STATEMENTS

June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Partnership for Strong Families, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Partnership for Strong Families, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Partnership for Strong Families Inc. as of June 30, 2020, were audited by other auditors whose report dated December 22, 2020, expressed an unmodified opinion on those statements.

Effect of Adopting New Accounting Standard

As discussed in Note 1, Partnership for Strong Families, Inc. adopted the provisions of Financial Accounting Standards Update (ASU) 2019-09, *Revenue from Contracts with Customers* (ASC 958-606) as of and for the year ended June 30, 2021. Our opinion is not modified with respect to these matters.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 23, 2021

PARTNERSHIP FOR STRONG FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

ASSETS

	2021	2020
Current Asset		
Cash and Cash Equivalents	$ 4,857,520	$ 4,587,535
Grants Receivable	260,044	351,099
Accounts Receivable, Net of Allowance for Doubtful Accounts of $14,500 for 2021 and 2020	109,088	64,230
Due from Related Entities	3,130	10,012
Prepaid Expenses and Other Assets	210,186	152,192
Total Current Assets	5,439,968	5,165,068
Property and Equipment, Net	141,171	172,453
Non-Current Assets		
Restricted Cash - Client Trust Funds	282,212	161,929
Deposits	29,467	29,467
Other Assets	107,869	107,869
Total Non-Current Assets	419,548	299,265
Total Assets	$ 6,000,687	$ 5,636,786

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Accounts Payable	$ 3,388,114	$ 2,712,923
Accounts Payroll and Related Expenses	449,228	408,256
Deferred Revenue - DCF	762,551	1,546,593
Due to Related Entities	309,716	11,400
Refundable Advance - Paycheck Protection Program	-	84,675
Total Current Liabilities	4,909,609	4,763,847
Long-Term Liabilities		
Client Trust Funds	282,212	161,929
Total Long-Term Liabilities	282,212	161,929
Total Liabilities	5,191,821	4,925,776
Net Assets		
Without Donor Restrictions:		
Net Investment in Property and Equipment	141,171	172,453
Undesignated	667,695	538,557
Total Net Assets	808,866	711,010
Total Liabilities and Net Assets	$ 6,000,687	$ 5,636,786

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

PARTNERSHIP FOR STRONG FAMILIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
Revenue and Support		
Government Grant - DCF	$ 39,756,691	$ 37,346,844
Contract Revenue	1,031,011	528,834
Paycheck Protection Program - Loan Forgiveness	84,675	1,175,525
Contributions (In-Kind and Cash)	680,214	598,957
Interest and Other Revenues	6,299	3,551
Total Revenues and Support	41,558,890	39,653,711
Functional Expenses		
Program Services:		
Adoptions	14,348,989	13,920,371
Case Management	13,139,506	12,989,657
Family Preservation	1,469,182	1,469,970
Independent Living	781,266	693,910
Out-of-Home Care	5,863,001	4,697,424
Prevention	2,196,020	2,438,783
Other	1,651,090	1,229,543
Support Services:		
Administrative Services	2,011,980	2,159,385
Total Functional Expenses	41,461,034	39,599,043
Increase in Net Assets Without Donor Restriction	97,856	54,668
Net Assets at Beginning of Year	711,010	656,342
Net Assets at End of Year	$ 808,866	$ 711,010

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

PARTNERSHIP FOR STRONG FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES							SUPPORT SERVICES		
	Adoptions	Case Management	Family Prevention	Independent Living	Out of Home Care	Prevention	Other	Administrative Services	2021 Totals	2020 Totals
Expenses										
Adoptions	$12,995,272	$ 9,728	$ 820	$ 50	$ 291	$ -	$ 2,175	$ 28,508	$13,036,844	$12,616,890
Case Management	-	7,095,410	-	91,818	-	-	-	15,838	7,203,066	8,460,926
Depreciation	7,421	26,907	-	418	458	7,092	5,161	10,272	57,729	67,828
Employee Support	810	3,015	-	-	40	88	2,552	4,940	11,445	19,823
Independent Living	-	-	-	617,518	-	-	-	-	617,518	538,428
Insurance	-	95,615	-	-	-	-	-	224,101	319,716	329,533
Occupancy	37,225	551,757	-	1,620	-	101,028	55,093	25,847	772,570	779,339
Out-of-Home Care - Room and Board	-	817,141	-	126	5,134,931	-	-	1,331	5,953,529	4,549,720
Out-of-Home Care - Support	12,340	83,087	-	-	283,467	208	1,205	720	381,027	395,566
Purchased Services	213,539	51,801	1,468,362	-	384,269	1,237,804	15,742	98,464	3,469,981	2,253,310
Salaries and Benefits	1,051,237	3,653,929	-	69,398	50,559	807,613	1,067,242	173,416	6,873,394	6,799,396
Support	24,498	499,540	-	318	4,648	36,680	482,155	1,277,589	2,325,428	2,290,882
Telecommunication/ Information Technology	227	243,468	-	-	60	3,977	17,463	150,469	415,664	393,235
Travel, Meals, and Lodging	6,420	8,108	-	-	4,278	1,530	2,302	485	23,123	104,167
Total Expenses	$14,348,989	$ 13,139,506	$1,469,182	$ 781,266	$5,863,001	$2,196,020	$1,651,090	$ 2,011,980	$41,461,034	$39,599,043

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

PARTNERSHIP FOR STRONG FAMILIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
Cash Flows from Operating Activities		
Cash Receipts from Grants	39,047,887	$ 39,139,171
Cash Receipts from Contracts	1,131,503	1,704,359
Cash Receipts from Contributions and PPP Loan Forgiveness	550,681	1,183,362
Other Cash Receipts	6,299	17,286
Cash Reciepts from Restricted Client Trust Funds	120,283	89,711
Cash Paid to Employees	(6,832,422)	(6,809,172)
Cash Paid for Program Services and Other Operative Costs	(33,607,518)	(32,892,770)
Net Cash Provided by (Used in) Operating Activities	416,713	2,431,947
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(26,445)	(32,493)
Net Cash (Used in) Investing Activities	(26,445)	(32,493)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	390,268	2,399,454
Cash, Cash Equivalents and Restricted Cash, Beginning of Year (See Note 1)	4,749,464	2,350,010
Cash, Cash Equivalents and Restricted Cash, End of Year (See Note 1)	5,139,732	4,749,464
Supplemental Information		
Taxes Paid	-	136

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

Note 1 - Summary of Significant Accounting Policies

General

Partnership for Strong Families, Inc. (the Organization) has entered into a contract with the State of 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, intensive residential treatments, independent living, family reunification, and family prevention, adoption, and appropriate related services. Support for these services is provided primarily by DCF. The Organization provides services in Alachua, Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Madison, Suwannee, Taylor, and Union Counties.

Basis of Financial Reporting

The accompanying financial statements have been prepared on the accrual basis of accounting inaccordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposedrestrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restriction**
  Net Assets that are not subject to donor-imposed stipulations. Any restricted net assets that are received and expensed in the same fiscal year are classified as net assets without donor 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. The Organization has no net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For purposes of the statements of cash flows, the Organization considers all deposit accounts, except client trust funds, to be cash and cash equivalents.

Revenues

In May 2014, the FASB issued *Accounting Standards Update* (ASU) 2014-09, *Revenue from Contracts with Customers*, which prescribes a single common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization adopted ASC 606 and all related amendments effective July 1, 2020. The adoption of the new standard had no impact on the Organization’s financial statements.

Revenues are recognized when earned. Revenues consist of fees charged for adoption agency application, accreditation, reaccreditation, monitoring, and oversight fees. Fees charged for accreditation and approval are deferred and recognized over the time of the approval process, which is generally twelve months.

Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amountsnot available for general use because of contractual or donor-imposed restrictions:

Financial Assets	$	5,229,782
(Less Deferred Revenue)		(762,551)
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$	4,467,231

Note 1 - Summary of Significant Accounting Policies (continued)

Liquidity and Availability of Financial Assets (continued)

The Organization has an available line of credit to meet short-term operating needs if required (see Note 5). The Organization's financial assets consist of Cash on Deposit, Grants and Accounts Receivable, and other assets that could be liquidated in the short-term. Client Trust Funds are restricted and not available for general expenditures.

Income Tax

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income from unrelated business activities. The Organization's tax expense related to outsourced Information Technology services provided to another non-profit organization was $0 during the fiscal year ended June 30, 2021.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019. 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 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.

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.

Grants Receivable

Grants receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account based on aging and historical trends.

Restricted Cash – Client Trust Funds

Cash restricted and set aside on behalf of clients is not available for operating purposes.

Property and Equipment

Property and equipment is recorded at cost. The Organization's capitalization threshold is $1,000. Depreciation is calculated by the straight-line method over estimated useful lives of three to fifteen years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Equipment repairs and maintenance are expensed as incurred. Property and equipment purchased with government grants will revert back to the grantor if the Organization ceases to exist. In addition, proceeds from the sale of such assets are to be returned to or expended upon approval by grantor.

Allocation of Supporting Services Expenses

The Organization's policy is to allocate the part of the supporting services expenses associated with programs to the individual programs, based on each program's direct program cost to total program costs.

Contributions

The Organization follows FASB issued ASU No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, the net assets are released to net assets without donor restriction.

In-Kind Contributions

Professional contributed services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned. The Organization recognized the following in contributions:

Professional Services	$	524,616

Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 23, 2021, the date the financial statements were available to be issued.

Deferred Revenue

Deferred revenues consist of carryforward funds received from DCF to be used for future periods.

Refundable Advance – Paycheck Protection Program

Funds received in advance for services or other conditions that have not been rendered or delivered are reported as refundable advances. The Organization is liable to return the funds if the service or conditions are not delivered or completed. The Organization has chosen to follow the provisions of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-605 and recognize the loan proceeds as a refundable advance and recognize the contribution as the conditions of release have been substantially met (loan forgiveness).

Statement of Cash Flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling $5,139,732 includes cash and cash equivalents of $4,857,520 and restricted cash of $282,212. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling $4,749,464 includes cash and cash equivalents of $4,587,535 and restricted cash of $161,929. Reclassifications were made to total cash and cash equivalents in the 2020 statement of cash flows to include restricted cash of $161,929 at year end and $72,218 at the beginning of the year.

Note 1 - Summary of Significant Accounting Policies (continued)

Upcoming New ASUs

The FASB has issued the following ASUs that could affect the financial reporting requirements of the Organization in the near future:

- **ASU 2016-02, *Leases* (Topic 842)**—This standard will 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 main difference between previous generally accepted accounting principles and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous generally accepted accounting principles. ASU No. 2020-05, *Revenues from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, deferred the effective date of ASU 2016-02. ASU 2016-02 will be effective for the Organization for the year ending June 30, 2023.

Note 2 - Accounts Receivable

Accounts receivable include amounts due from individuals for reimbursement of overpayments to foster or adoptive parents. Management reviews the accounts receivable on a monthly basis for uncollectible amounts.

Note 3 - Property and Equipment

Property and equipment at June 30, 2021, consists of the following:

Automobiles	$	777,937
Leasehold Improvements		132,729
Office Furniture and Equipment		1,313,046
(Accumulated Depreciation)		(2,082,541)
Total Property and Equipment	$	141,171

Depreciation expense was $57,728 for the year ended June 30, 2021.

Note 4 - Concentrations

Economic Dependency

The Organization receives a substantial portion of its support from the State of Florida. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Cash and Cash Equivalents

The Organization follows the cash management practice of sweeping all excess cash at the end of the day into overnight repurchase agreements. These agreements are uninsured, but are collateralized by U.S. Government Agency securities that are held in the bank's name.

Note 5 - Line of Credit

The Organization maintains a $3,300,000 unsecured line of credit with Ameris Bank. The line of credit has a variable interest rate based on "Prime Rate" defined as a fluctuating rate of interest equal to the highest annual rate of interest, which is published from time to time in the "Money Rates" section of the Wall Street Journal. The Organization has no amounts outstanding as of June 30, 2021.

Note 6 - <u>Investment in Community Based Care Integrated Health, LLC (CBCIH) & Community Based Care Casualty Insurance, LLC</u>

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 and totaled $107,869 as of June 30, 2021. 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 year ended June 30, 2021.

During 2006, the Organization became a limited partner in the Community Based Care Partnership, Inc. (the Partnership) for the purpose of bidding on the State of Florida's Child Welfare Prepaid Mental Health Plan. The Partnership was ultimately awarded the agreement, and the Organization, as a limited partner, entered into a prepaid, capitated agreement with the Partnership beginning June 1, 2007. In May of 2014, the Partnership dissolved and the Organization became a limited partner in the CBCIH Integrated Health, LLC to continue providing care coordination and administrative services for both mental and general health for children in care. The Organization provided child welfare mental health services under the contract during the year ended June 30, 2021, recognizing revenue of $182,800.

During 2016, the Organization and four other Community Based Care Lead Agency corporations each made initial capital contributions of $50,000 to establish CBC Casualty Insurance, LLC (CBCCI). During 2020, an additional partner joined CBCCI. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Organization and the other four members each own 16.67% of CBCCI. The Organization's investment in CBCCI is valued at its original 2016 cost, which approximates fair value of $50,000 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

Note 7 - <u>Retirement Plan</u>

The Organization provides a 401(k) retirement program for all eligible employees. The plan is funded by both employee deferrals and an employer matching contribution. The employer matching contribution for the year ended June 30, 2021, was $177,624.

Note 8 - <u>Leases</u>

The Organization conducts its operations from leased office space and equipment. The majority of the leases are non-cancellable unless federal and state funding ceases. These leases are classified as operating leases. Rent expense for office space and equipment under all leases for the year ended June 30, 2021, amounted to $837,945.

Note 8 – Leases (continued)

Future minimum lease payments under all such leases having initial non-cancellable terms in excess of one year are as follows:

Year Ending June 30,	Amount
2022	$ 723,465
2023	623,313
2024	629,447
2025	640,706
2026	389,545
Thereafter	206,783
Total Minimum Payments	$ 3,213,260

Note 9 - Litigation

At times, the Organization has been a defendant in various lawsuits. The Organization vigorously defends itself and the amount of any material liability would be covered by general liability insurance.

Note 10 - Related Entities

As of June 30, 2017, and shortly thereafter, the Board of Directors of the Organization formed four related entities including: Intercountry Adoption Accreditation and Maintenance Entity, Inc., (IAAME) a Florida not-for-profit 501(c)(3) corporation, Real Estate Acquisition for Children, LLC., a Florida limited liability corporation, Service Management Solutions for Children, Inc., a Florida not-for-profit 501(c)(3) corporation, and Technology and Solutions for Children, LLC., a Florida limited liability corporation.

As of June 30, 2021, amounts due from the related entities are as follows:

Amounts Due ***from*** Intercountry Adoption Accreditation and Maintenance Entity, Inc.	$ 3,130
Total Due ***from*** Related Entities	$ 3,130
Amounts Due to Service Management Solutions, Inc.	$ 276,191
Amounts Due to Technology and Solutions for Children, LLC	33,525
Total Due to Related Entities	$ 309,716

Amounts due from IAAME are for payroll related reimbursement costs.

During the year ended June 30, 2021, the Organization paid Service Management Solutions for Children, Inc. management fees totaling $1,751,198.

During the year ended June 30, 2021, the Organization paid Technology and Solutions for Children, LLC $33,525 for technology support.

Note 11 - Related-Party

During the fiscal year, the Organization made payments of approximately $979,631 to a company that provides counseling services to clients of the Organization. The company is owned by the spouse of a key employee of the Organization, who refrains from all decision making responsibilities regarding these services.

Note 12 - Refundable Advance – Paycheck Protection Program (PPP)

Due to the COVID-19 pandemic, the President signed into law the *Paycheck Protection Program Flexibility Act of 2020* (the PPP Act) to amend the Small Business Administration's (SBA) PPP enacted under the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act), Section 7(a)(36) of the *Small Business Act*. The Organization has initially recorded the cash inflow from the PPP loan as a refundable advance, in accordance with FASB ASC 958-605, because the loan is considered to be a conditional contribution. The loan will be recognized as a contribution once management determines that the conditions of release have been substantially met or explicitly waived

On April 9, 2020, The Organization received $1,260,200 through the PPP loan program from Ameris Bank at an interest rate of 1%. The loan will be fully forgiven if the funds received are used for payroll costs, interest on mortgages, rent, and utility. At least 60% of the loan must have been used for payroll expenses.

The Organization has recognized $84,675 and $1,175,525 as contribution revenue from loan forgiveness on the statement of activities in the 2021 and 2020, respectively. As of January 28, 2021 the PPP loan has been forgiven.

Note 13 - COVID-19

On March 11, 2020, the World Health Organization classified the novel coronavirus (COVID-19) as a pandemic. The effects of COVID-19 have caused disruption and volatility in financial markets. The extent and duration of these economic and market conditions and their impact on the Organization's operations cannot be predicted at this time.

SUPPLEMENTAL INFORMATION

PARTNERSHIP FOR STRONG FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Federal/State Grantor, Pass-Through Grantor, Program, Project, or Cluster Title	ALN/ CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Federal Awards				
U.S. Department of Health and Human Services				
Direct Award:				
Child Abuse and Neglect Discretionary Activities	93.670	N/A	$ -	$ 559,774
Passed Through State of Florida, Department of Children and Families:				
Marylee Allen Promoting Safe and Stable Families	93.556	CJ149	11,537	1,118,964
Social Services Block Grant	93.667	CJ149	225,070	1,091,284
Temporary Assistance for Needy Families	93.558	CJ149	1,034,268	2,364,979
Foster Care Title IV-E	93.658	CJ149	2,236,313	5,599,396
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CJ149	80,754	145,071
Adoption Assistance	93.659	CJ149	110,880	8,039,944
Medical Assistance Program	93.778	CJ149	-	271,692
John H Chafee Care Program for Successful Transition to Adulthood	93.674	CJ149	206,754	266,632
Chafee Education and Training Vouchers Program (ETV)	93.599	CJ149	-	28,434
Grants to States for Access and Visitation Programs	93.597	CJ149	-	32,792
Administration for Children, Youth and Families - Child Abuse	93.669	CJ149	13,954	81,050
Guardian Assistance	93.090	CJ149	-	37,954
Total Expenditures of Federal Awards			3,919,530	19,637,966
State Financial Assistance				
State of Florida, Department of Children and Families:				
Out-of-Home Supports	60.074	CJ149	50,419	1,284,102
CBC - Purchase for Therapeutic Services for Children	60.183	CJ149	-	408,559
The Independent Living and Road-to-Independence	60.112	CJ149	-	1,768
CBC - Sexually Exploited Children	60.138	CJ149	-	18,769
Total Expenditures of State Financial Assistance			50,419	1,713,198
Total Expenditures of Federal Awards and State Financial Assistance			$ 3,969,949	$ 21,351,164

The accompany notes are an integral part of this schedule.

PARTNERSHIP FOR STRONG FAMILIES INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Basis of Presentation

The accompany Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal awards and state financial assistance activity of Partnership for Strong Families, Inc. (the Organization) under programs of federal and state government for the year ended June 30, 2021, 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 financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Only revenues earned in accordance with the contract terms are reported as expenditures on the Schedule.

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance, if necessary. The Organization did not utilize this option during the year.

Note 3 - Sub-Recipients

The Organization provided funding to the following sub-recipients as follows:

Camelot Community Care, Inc.	$	4,740,791
CDS Family and Behavioral Health Services, Inc.		287,838
Children's Home Society of Florida		76,008
Devereux Foundation, Inc.		2,380,265
Florida Sheriff's Youth Ranches, Inc.		87,540
Florida United Methodist Church		256,793
Ignite		242,794
Meridian Behavioral Healthcare		459,225
Resolutions Health Alliance		237,402
Twin Oaks		362,040
Haven Open Arms		437,771
Total	$	9,568,467

Passed Through Federal Awards	$	3,919,530
Passed Through State Awards		50,419
Subtotal		3,969,949
Passed Through State Matching Funds Awarded for Matching		5,598,518
Total	$	9,568,467

Note 4 – 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. CJ149 as follows:

Name of Program	ALN No.	Amount
Chafee Education and Training Vouchers Program (ETV)	93.599	$ 8,176
Stephanie Tubbs Jones Child Welfare Services Program	93.645	48,357
Adoption Assistance	93.659	4,474,690
Chafee Foster Care Independent Living	93.674	66,658
Medical Assistance Program	93.778	271,692
MaryLee Allen Promoting Safe and Stable Families	93.556	6,619
Temporary Assistance for Needy Families	93.558	2,564,609
Foster Care Title IV-E	93.658	5,855,427
Guardian Assistance	93.090	20,618
Tested Pursuant to OCA Activity	93.XXX	5,648,455
Total State Funds Awarded for Matching		$ 18,965,301

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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 of
Partnership for Strong Families, Inc.
Gainesville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Partnership for Strong Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Partnership for Strong Families, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 23, 2021

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

To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, Florida

Report on Compliance for Each Major Federal Program

We have audited Partnership for Strong Families, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement that could have a direct and material effect on each of Partnership for Strong Families, Inc.'s major federal programs for the year ended June 30, 2021. Partnership for Strong Families, Inc.'s major federal programs and 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 federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Partnership for Strong Families, Inc.'s major federal programs 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* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Partnership for Strong Families, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Partnership for Strong Families, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Partnership for Strong Families, 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 Partnership for Strong Families, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Partnership for Strong Families, Inc., Inc.'s internal control over compliance.

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 23, 2021

PARTNERSHIP FOR STRONG FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECT

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on Whether the Financial Statements Audited were Prepared in Accordance with Generally Accepted Accounting Principles:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to the financial statements noted?	No

Federal Awards and State Projects

Internal Control Over Major Federal Programs or State Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Auditor's Report Issued on Compliance for Major Federal Programs or State Projects:	Unmodified
Any audit findings disclosed that are required to be Reported in accordance with CFR 200.516(a) or Chapter 10.656, *Rules of the Auditor General*?	No

Identification of Major Federal Programs or State Projects:

Federal Award Programs	ALN Number
U.S. Department of Health and Human Services:	
Passed Through State of Florida, Department of Children and Families:	
Adoption Assistance	93.659
Temporary Assistance for Needy Families	93.558
Social Services Block Grant	93.667
John H Chafee Care Program for Successful Transition to Adulthood	93.674

State Financial Assistance Project	State CSFA No.
State of Florida, Department of Children and Families:	
Out-of-Home Supports	60.074

PARTNERSHIP FOR STRONG FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECT

Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs:	$ 750,000
Dollar Threshold Used to Distinguish Between Type A and Type B State Programs:	$ 641,609
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

Other Issues

(a) No management letter is required because there were no finding required to be reported in the management letter (Section 10.656(3)(e), *Rules of the Auditor General*).

(b) No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal Programs or State Projects (Sections 10.557(3)(e)5. and 10.656(3)(d)5, *Rules of theAuditor General*).