

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

ABE BROWN MINISTRIES, INC.

December 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Abe Brown Ministries, Inc.

Opinion

We have audited the accompanying financial statements of Abe Brown Ministries, Inc. (a nonprofit organization) (the "Ministries"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ministries as of December 31, 2022, 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.

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 Financial Statements section of our report. We are required to be independent of the Ministries 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the 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 and *Government 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 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 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 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 Ministries' 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 the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministries' 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 Abe Brown Ministries, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

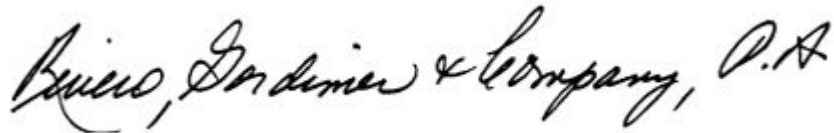
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Ministries taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023, on our consideration of the Ministries' 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 Abe Brown Ministries, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ministries' internal control over financial reporting and compliance.

Tampa, Florida
May 18, 2023

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in dark ink and is positioned to the right of the date and location text.

Abe Brown Ministries, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2022
(With comparative total for December 31, 2021)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (notes A5 and A14)	\$ 2,001,599	\$ 84,109	\$ 2,085,708	\$ 1,352,543
Grants receivable (note A6)	338,977	-	338,977	429,570
Pledges receivable (note D)	6,314	-	6,314	3,570
	<u>2,346,890</u>	<u>84,109</u>	<u>2,430,999</u>	<u>1,785,683</u>
Total current assets				
Property and equipment, net of accumulated depreciation (notes A8 and C)	643,294	-	643,294	694,374
Other	23,500	-	23,500	23,500
	<u>666,794</u>	<u>-</u>	<u>666,794</u>	<u>717,874</u>
TOTAL ASSETS	<u>\$ 3,013,684</u>	<u>\$ 84,109</u>	<u>\$ 3,097,793</u>	<u>\$ 2,503,557</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and other liabilities	\$ 74,841	\$ -	\$ 74,841	\$ 25,391
Current portion of long-term debt (note E)	3,623	-	3,623	-
	<u>78,464</u>	<u>-</u>	<u>78,464</u>	<u>25,391</u>
Total current liabilities				
LONG-TERM DEBT (note E)	145,980	-	145,980	149,900
	<u>145,980</u>	<u>-</u>	<u>145,980</u>	<u>149,900</u>
Total liabilities	<u>224,444</u>	<u>-</u>	<u>224,444</u>	<u>175,291</u>
NET ASSETS (note I)				
Without donor restrictions	2,789,240	84,109	2,873,349	2,328,266
	<u>2,789,240</u>	<u>84,109</u>	<u>2,873,349</u>	<u>2,328,266</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,013,684</u>	<u>\$ 84,109</u>	<u>\$ 3,097,793</u>	<u>\$ 2,503,557</u>

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2022
(With comparative total for December 31, 2021)

	Without donor restrctions	With donor restrctions	Total 2022	Total 2021
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions	\$ 443,202	\$ 99,433	\$ 542,635	\$ 611,630
Grants from governmental agencies				
Federal	30,000	-	30,000	-
State	1,523,473	-	1,523,473	1,343,339
Local	-	-	-	46,099
Special events, net of direct expenses of \$70,786	68,791	-	68,791	40,947
Total public support and revenue	<u>2,065,466</u>	<u>99,433</u>	<u>2,164,899</u>	<u>2,042,015</u>
OTHER REVENUE				
Program service revenue	89,281	-	89,281	47,711
Employee retention credit income	23,665	-	23,665	-
Interest income and other	4,452	-	4,452	1,173
Gain on debt forgiveness	-	-	-	167,163
	<u>117,398</u>	<u>-</u>	<u>117,398</u>	<u>216,047</u>
Net assets released from restrictions	<u>36,424</u>	<u>(36,424)</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>2,219,288</u>	<u>63,009</u>	<u>2,282,297</u>	<u>2,258,062</u>
EXPENSES				
Program expenses				
Ready4Work	1,122,857	-	1,122,857	964,984
Transition services	321,424	-	321,424	288,563
Total program services	<u>1,444,281</u>	<u>-</u>	<u>1,444,281</u>	<u>1,253,547</u>
Supporting services				
Management and general	218,435	-	218,435	186,043
Fundraising and development	74,498	-	74,498	74,269
Total supporting services	<u>292,933</u>	<u>-</u>	<u>292,933</u>	<u>260,312</u>
Total expenses	<u>1,737,214</u>	<u>-</u>	<u>1,737,214</u>	<u>1,513,859</u>
CHANGE IN NET ASSETS	482,074	63,009	545,083	744,203
Net assets at beginning of year	<u>2,307,166</u>	<u>21,100</u>	<u>2,328,266</u>	<u>1,584,063</u>
Net assets at end of year	<u>\$ 2,789,240</u>	<u>\$ 84,109</u>	<u>\$ 2,873,349</u>	<u>\$ 2,328,266</u>

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022
(With comparative total for December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	<u>\$ 545,083</u>	<u>\$ 744,203</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	51,080	55,572
Gain on debt forgiveness	-	(167,163)
Increase in pledges receivable	(2,744)	(1,600)
Decrease (increase) in accounts receivable	90,593	(234,136)
Increase (decrease) in accounts payable and other liabilities	<u>49,450</u>	<u>(9,545)</u>
Total adjustments	<u>188,379</u>	<u>(356,872)</u>
Net cash provided by operating activities	<u>733,462</u>	<u>387,331</u>
Cash flows from investing activities		
Purchases of fixed assets	<u>-</u>	<u>(12,103)</u>
Net cash used by investing activities	<u>-</u>	<u>(12,103)</u>
Cash flows from financing activities		
Proceeds from note payable- PPP	-	167,163
Payments on note payable- EIDL	<u>(297)</u>	<u>-</u>
Net cash (used) provided by financing activities	<u>(297)</u>	<u>167,163</u>
Net change in cash and cash equivalents	733,165	542,391
Cash and cash equivalents at beginning of year	<u>1,352,543</u>	<u>810,152</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,085,708</u></u>	<u><u>\$ 1,352,543</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u>\$ 5,809</u>	<u>\$ 4,742</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022
(With comparative total for December 31, 2021)

	Program Services			Supporting Services		Total 2022	Total 2021
	Ready4Work	Transition Services	Total Program Services	Management and General	Fundraising and Development		
Salaries	\$ 412,102	\$ 106,348	\$ 518,450	\$ 106,349	\$ 39,881	\$ 664,680	\$ 618,412
Payroll taxes	32,935	8,499	41,434	8,499	3,187	53,120	49,312
Employee benefits	28,529	7,363	35,892	7,362	2,761	46,015	43,084
Total salaries and related expenses	473,566	122,210	595,776	122,210	45,829	763,815	710,808
Advertising	2,583	711	3,294	-	-	3,294	1,249
Communications	16,977	6,822	23,799	9,478	1,096	34,373	32,433
Contract labor	37,000	-	37,000	10,425	-	47,425	32,873
Data system	30,124	15,000	45,124	-	-	45,124	55,177
Direct client services	427,476	2,115	429,591	-	-	429,591	326,727
Dues and subscriptions	3,064	1,683	4,747	1,583	1,583	7,913	4,774
Facility food cost	2,556	3,890	6,446	-	-	6,446	3,578
Financial assistance	150	8,509	8,659	-	-	8,659	2,587
Donations	3,142	5,116	8,258	2,064	-	10,322	6,597
Insurance	26,744	43,162	69,906	7,767	-	77,673	71,236
Interest	484	5,325	5,809	-	-	5,809	4,742
Licenses	-	-	-	135	340	475	828
Miscellaneous	3,750	-	3,750	32,243	3,435	39,428	18,768
Office supplies	7,170	10,069	17,239	1,508	2,801	21,548	13,304
Pest control	1,417	4,170	5,587	1,397	-	6,984	2,182
Postage	2,365	1,471	3,836	1,279	1,653	6,768	11,811
Printing and copying	2,561	949	3,510	619	-	4,129	6,584
Professional fees	21,187	15,292	36,479	14,030	8,901	59,410	62,055
Repairs and maintenance	2,776	41,180	43,956	4,884	-	48,840	43,374
Service charges	3,038	3,563	6,601	1,650	-	8,251	7,619
Travel	11,393	-	11,393	-	4,662	16,055	10,634
Training	491	-	491	-	-	491	3,420
Utilities	9,480	19,111	28,591	2,471	1,643	32,705	24,927
Total expenses before bad debt and depreciation	1,089,494	310,348	1,399,842	213,743	71,943	1,685,528	1,458,287
Bad debt expense	-	-	-	606	-	606	-
Depreciation	33,363	11,076	44,439	4,086	2,555	51,080	55,572
Total expenses	\$ 1,122,857	\$ 321,424	\$ 1,444,281	\$ 218,435	\$ 74,498	\$ 1,737,214	\$ 1,513,859

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

Abe Brown Ministries, Inc., (the "Ministries") is a not-for-profit Florida corporation founded in 1976, whose primary purpose is to provide comprehensive ministries in prisons throughout Florida, offering notable community oriented services and serving as a model participant in a nationwide network of organizations providing similar services. During 2014, the Ministries replicated the nationally recognized Ready4Work program designed to provide holistic workforce training and job placement services through case management, life and job skills training, life-coaching (mentoring), job placement assistance, and data tracking.

2. Basis of Accounting

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Ministries as a whole, and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follow:

- With Donor Restriction - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Ministries to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.
- Without Donor Restriction - Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Contributions received and unconditional promises to give are measured at their fair values at the date of contribution and are reported as increases in net assets without donor restrictions. The Ministries reports gifts of cash and other assets as restricted support if they are designated for future periods. Donor restricted net assets are reclassified to without donor restriction net assets when the restriction expires. Accordingly, the financial statements classify all net assets as without donor restriction except those that involve a donor restriction which are classified as with donor restriction.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Recently Adopted Accounting Pronouncements

During the fiscal year 2022, the Ministries adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around nonfinancial assets.

4. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See note B for more information on liquidity and availability of assets.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid short-term money market instruments with a maturity of three months or less.

6. Grants Receivable

The Ministries receives support from various state, federal and local grants. None of the amounts receivable at December 31, 2022 are deemed to be uncollectible. Therefore, no provision for uncollectible amounts has been made in the accompanying financial statements.

7. Beneficial Interest in Assets Held by Others

The Ministries is the beneficiary of a designated fund which is held and administered by The Community Foundation of Tampa Bay, Inc. The transfers of these funds are not irrevocable and variance powers have been granted to the recipient organization; as such, these funds are not recorded by the Ministries. Semi-annual distributions made from this fund are recorded as received. The total value of this fund is approximately \$25,000 at December 31, 2022.

The Ministries is also the beneficiary of a designated fund which is held by the National Christian Foundation and is not recorded by the Ministries. The transfers of these funds are not irrevocable and variance powers have been granted to the recipient organization; as such, these funds are not recorded by the Ministries. The purpose of this endowment is to provide income for perpetuity to the Ministries for its programs and services as directed by the Ministries' Board of Directors. The total value of this fund is approximately \$33,400 at December 31, 2022.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging generally from 3 to 30 years.

Maintenance and repairs are expensed in the year in which the expense is incurred. Additions and improvements over \$500 are capitalized.

9. Grant Revenues and Refundable Advances

Revenues from governmental grants are recorded based upon terms of the grantor allotment which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Support received from governmental agencies in advance of related allowable costs is recorded as refundable advances. Unexpended advances may have to be returned to the awarding agency at the end of the contract term. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required.

10. Functional Allocations of Expenses

The costs of providing the various programs have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Ministries' principal activities comprise:

➤ Ready4Work

The program provides post-release services to formerly incarcerated persons who have been released from a Department of Corrections' facility, no more than one year before entry into the Ready4Work program. The program includes case management, career development, life skills training, life-coaching, family reunification, and job placement services to assist program participants. Ready4Work also includes community supervision and post-release services to formerly incarcerated program participants to help transition back into the community.

➤ Transition Services

The program assists offenders, ex-offenders and their families to achieve productive and fulfilling lives. The Ministries is keenly aware of the struggles that ex-offenders face, therefore providing former incarcerated persons with basic needs (food, shelter, clothing), housing, education, employment, healthcare (especially treatment for substance abuse, mental-health and HIV/AIDS problems) and discipleship.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Comparative Information

The financial statements include certain prior period summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Ministries' financial statements for the year ended December 31, 2021, from where it was derived.

12. Contributions

The Ministries receives donated services from a variety of volunteers assisting in various positions. No amounts for volunteer services have been recognized in the accompanying Statement of Activities and Changes in Net Assets since there is no objective basis to measure the value of such services.

In-kind donations received by the Ministries are recorded as contributions and expenses to the extent that an objective basis is available to measure the value of such items.

13. Advertising

The Ministries' policy is to expense advertising costs as incurred.

14. Concentrations of Credit Risk

Financial instruments that potentially subject the Ministries to concentrations of credit risk consist of cash and cash equivalents. The Ministries manages this risk through the use of high credit worthy financial institutions. Interest bearing and non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor at each financial institution.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Ministries has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses at December 31, 2022:

Cash and cash equivalents	\$ 2,085,708
Pledge receivables	6,314
Grant receivables	<u>338,977</u>
	2,430,999
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restriction	84,109
Amounts unavailable to management without Board's approval:	
Board designated for Life Transformation Community	<u>29,501</u>
Total financial assets available to management for expenditure within one year	<u><u>\$ 2,317,389</u></u>

The Ministries maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Ministries' has a committed line of credit of \$200,000, which it could draw upon (see note F). Additionally, the Ministries has Board Designated net assets without donor restrictions that, while the Ministries does not intend to spend these for purposes other than identified, the amounts could be made available for current operations if necessary.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

Land	\$ 111,351
Building and improvements	1,153,192
Vehicles	267,533
Furniture and equipment	<u>186,874</u>
	1,718,950
Less accumulated depreciation	<u>(1,075,656)</u>
	<u><u>\$ 643,294</u></u>

Depreciation expense was \$51,080 for the year ended December 31, 2022.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE D - PLEDGES RECEIVABLE

Pledges receivable are summarized as follows at December 31, 2022:

Total unconditional pledges	\$ 9,020
Less allowance for uncollectible pledges	<u>(2,706)</u>
Net pledges receivable	<u><u>\$ 6,314</u></u>

Pledges receivable are reported at the fair value of promises to give that are due in more than one year by discounting expected future cash flows using a discount rate of 3.0%. At December 31, 2022 no promises to give were due in more than one year.

NOTE E - LONG-TERM DEBT

The long-term debt consisted of the following at December 31, 2022:

Economic Injury Disaster Loan bears interest at a rate of 2.75%. Payments of \$641 will begin in December 2022, and will be applied to accrued interest first, and the balance if any, will be applied to principal. Collateralized by all business assets.

Total long-term debt	\$ 149,603
Less current maturities	<u>3,623</u>
Long-term portion	<u><u>\$ 145,980</u></u>

Annual maturities on long-term det are as follows:

<u>Year ending December 31,</u>	
2023	\$ 3,623
2024	3,724
2025	3,828
2026	3,935
2027	4,044
Thereafter	<u>130,449</u>
	<u><u>\$ 149,603</u></u>

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE F - LINE OF CREDIT

The Ministries established a \$200,000 line of credit on June 30, 2022, maturing June 30, 2023. The line is due upon demand, with interest at the floating Wall Street Journal Prime Rate (7.50% at December 31, 2022) with a floor of 4.75%, collateralized by all business assets. The line of credit had a balance of \$-0- at December 31, 2022.

NOTE G - INCOME TAX STATUS

The Ministries has received a determination of tax-exempt status from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The Ministries is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2019 remain subject to examination by federal and state taxing authorities

NOTE H - COMMITMENTS

1. Contingencies

In the normal course of business, the Ministries is sometimes involved in legal matters. No actions exist which, in management's opinion, would have a material effect on the Ministries' financial position.

NOTE I - NET ASSETS

1. Net Assets Without Donor Restrictions

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. These net assets are available for the use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Ministries' Board of Directors has designated \$29,501 of without donor restriction net assets for the Life Transformation Community for the year ended December 31, 2022.

2. Net Assets With Donor Restrictions

Net assets with donor restrictions are net assets subject to donor-imposed stipulations that expire upon the passage of time or once specific actions are undertaken by the Ministries. The net assets are then released and reclassified to unrestricted support when these restrictions are satisfied. Net assets with donor restrictions totaled \$84,109 at December 31, 2022 and consisted of \$75,776 for salary adjustments and \$8,333 for the transitional living program.

Abe Brown Ministries, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

NOTE J - EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2022, the Ministries applied for Employee Retention Credits ("ERC"). The ERC, which was established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and further amended by the Consolidated Appropriations Act ("CAA") and the American Rescue Plan ("ARP"), is a refundable credit allowed to an eligible employer for qualifying wages and other qualifying payroll costs. The Organization recognized \$23,665 as revenue for ERC credits received for the year ended December 31, 2022.

NOTE K - SUBSEQUENT EVENTS

The Ministries has evaluated events and transactions occurring subsequent to December 31, 2022 through May 18, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Abe Brown Ministries, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended December 31, 2022

State Grantor/Project Title	Federal Assistance Listing # or State CSFA#	Contract Number	Total Federal/State Expenditures
State			
Florida Department of Corrections			
Transitional Services - Post Release	70.011	C03D82	<u>1,523,473</u>
Total Florida Department of Corrections			<u>\$ 1,523,473</u>
Total expenditures of state awards			<u>\$ 1,523,473</u>
Total expenditures of federal and state awards			<u><u>\$ 1,523,473</u></u>

The accompanying notes are an integral part of this statement.

Abe Brown Ministries, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

December 31, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the state financial assistance activity of the Ministries under programs of the and state of Florida for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Ministries, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Ministries.

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 Chapter 10.650 *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Ministries' continued participation in specific projects. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Ministries expects such amounts, if any, to be immaterial.

NOTE D - SUBRECIPIENTS

The Ministries did not provide State financial assistance to subrecipients.

REGULATORY REPORTS

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*

ABE BROWN MINISTRIES, INC.

December 31, 2022



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

Board of Directors
Abe Brown Ministries, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of Abe Brown Ministries, Inc. (a nonprofit organization) (the "Ministries"), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ministries' 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 the Ministries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Ministries' 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 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.



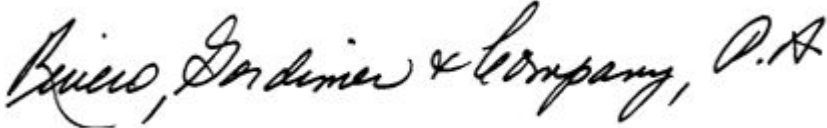
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ministries' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Tampa, Florida
May 18, 2023

Handwritten signature in cursive script that reads "Bueco, Gardner & Company, P.A."

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE AS REQUIRED BY CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL

ABE BROWN MINISTRIES, INC.

December 31, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Directors
Abe Brown Ministries, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Abe Brown Ministries, Inc.'s (the "Ministries") compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the Ministries' major State project for the year ended December 31, 2022. The Ministries' major State project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Ministries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2022.

Basis for Opinion on Each Major 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 Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards 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 Abe Brown Ministries, Inc. 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 state project. Our audit does not provide a legal determination of Abe Brown Ministries, Inc.'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, 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 Abe Brown Ministries, Inc.'s 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 Abe Brown Ministries, Inc.'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*, 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 omissions, 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 Abe Brown Ministries Inc.'s compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Abe Brown Ministries, Inc.'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 Abe Brown Ministries, Inc.'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 Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Abe Brown Ministries, Inc.'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

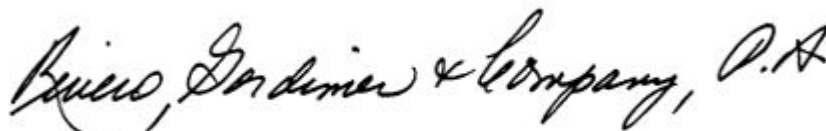
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of 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 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 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida
May 18, 2023

Handwritten signature in cursive script that reads "Buicio, Gordinier & Company, P.A."

Abe Brown Ministries, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

State Financial Assistance

Internal control over major State projects

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for major State projects

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Auditor General*?

 yes X no

Identification of major projects:

State Project

CSFA Number

70.011

Name of State Project

Transitional Services - Post Release

Dollar threshold used to distinguish between type A and type B State projects

\$ 485,345

Section II - Financial Statement Findings

No matters were reported for the year ended December 31, 2022. Accordingly, a corrective action plan is not required.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended December 31, 2022. Accordingly, a corrective action plan is not required.

Section IV - Other Issues

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit