

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

FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchorage Children's Home of Bay County, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Anchorage Children's Home of Bay County, Inc. as of June 30, 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 (GAAS) 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 Anchorage Children's Home of Bay County, Inc. 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 Anchorage Children's Home of Bay County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 GAAS 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 GAAS 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 Anchorage Children's Home of Bay County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Anchorage Children's Home of Bay County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

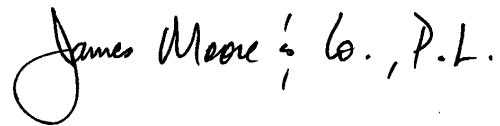
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the State of Florida, Office 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 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 accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General 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 March 11, 2023 on our consideration of Anchorage Children's Home of Bay County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Anchorage Children's Home of Bay County, 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 Anchorage Children's Home of Bay County, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
March 11, 2023

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,502,051
Investments	217,876
Grants, contracts, and other receivables	560,015
Prepaid expenses and other current assets	21,952
Total current assets	2,301,894
Property and equipment, net	1,468,908
Total Assets	\$ 3,770,802

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 135,124
Accrued liabilities	176,194
Deferred revenue	5,000
Total current liabilities	316,318
Total Liabilities	316,318
Net assets	
Without donor restrictions	2,575,254
With donor restrictions	879,230
Total net assets	3,454,484
Total Liabilities and Net Assets	\$ 3,770,802

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 4,438,570	\$ -	\$ 4,438,570
Contributions	461,695	879,230	1,340,925
In-kind contributions	330,679	-	330,679
Other state support	9,618	-	9,618
Medicaid	53,571	-	53,571
Special events	59,672	-	59,672
Investment income (loss)	(26,603)	-	(26,603)
Other income	4,068	-	4,068
Loan forgiveness - paycheck protection program	434,884	-	434,884
Net assets released from restrictions	72,112	(72,112)	-
Total support and revenue	<u>5,838,266</u>	<u>807,118</u>	<u>6,645,384</u>
Expenses			
Program services			
Hidle House	1,335,383	-	1,335,383
Street Outreach and Recovery	182,731	-	182,731
Transitional Living	275,032	-	275,032
Maternity Transitional Living	250,618	-	250,618
Sibling Home	156,222	-	156,222
McElvey Group Home	448,394	-	448,394
Anchorage Family Counseling	304,540	-	304,540
Care Management	1,419,212	-	1,419,212
SNAP	199,187	-	199,187
Visitation	60,957	-	60,957
Total program services	<u>4,632,276</u>	<u>-</u>	<u>4,632,276</u>
Administrative and general	553,011	-	553,011
Fundraising	179,239	-	179,239
Total expenses	<u>5,364,526</u>	<u>-</u>	<u>5,364,526</u>
Increase in net assets	<u>473,740</u>	<u>807,118</u>	<u>1,280,858</u>
Net assets, beginning of year	2,101,514	72,112	2,173,626
Net assets, end of year	<u>\$ 2,575,254</u>	<u>\$ 879,230</u>	<u>\$ 3,454,484</u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

Program Services

	Street Outreach and Recovery	Transitional Living	Maternity Transitional Living	Sibling Home	McElvey Group Home	Anchorage Family Counseling	Care Management	SNAP	Visitation	
Salaries	\$ 684,325	\$ 108,514	\$ 125,214	\$ 109,492	\$ 82,693	\$ 249,462	\$ 216,437	\$ 1,014,584	\$ 147,474	\$ 48,527
Payroll taxes and benefits	105,506	14,974	21,389	25,210	14,801	35,245	39,211	190,396	20,742	6,638
Automobile	9,981	13,827	12,362	11,129	4,216	12,757	104	35,045	5	-
Accounting and legal	1,833	50	425	425	-	1,100	850	3,983	100	-
Crafts, recreation and gifts	5,769	550	2,363	992	493	2,738	295	4,937	1,600	-
Contract services	11,506	-	150	150	407	4,970	1,175	691	540	-
License and permits	385	637	103	103	50	196	4	289	-	-
Books and subscriptions	620	-	-	-	-	-	-	-	-	-
School	791	-	788	-	26	903	-	-	-	-
Food	57,958	5,373	4,342	4,835	3,996	14,000	243	1,401	1,358	-
Household supplies	29,937	4,426	6,868	6,803	1,415	5,818	443	1,636	283	-
Interest	-	-	-	-	-	-	-	-	-	-
Insurance	49,965	3,186	4,328	4,328	3,982	11,963	4,494	21,476	3,309	225
Medical	533	4	11,398	7,766	21	54	-	-	-	-
Miscellaneous	17,039	3,270	4,591	1,625	6,727	13,348	4,381	32,336	2,851	1,500
Memberships and dues	11,982	1,205	14	14	-	7	-	-	-	-
Office	33,995	2,408	7,130	6,651	7,894	13,302	8,035	27,847	6,361	-
Personal items - clothing	4,582	2,607	982	456	1,092	2,362	-	-	44	-
Postage	645	-	60	-	-	-	40	159	11	-
Printing	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	43,806	8	506	332	3,298	7,595	1,386	-	266	-
Staff and program development	1,979	270	279	149	850	665	245	5,438	1,230	-
Staff travel	866	-	-	-	1,504	39	8,321	58,981	1,663	4,067
Telephone	13,584	1,487	706	633	317	5,261	3,111	18,925	1,004	-
Utilities	31,780	1,319	7,742	6,519	4,489	12,137	1,789	-	1,331	-
Events	-	-	-	-	-	-	-	-	-	-
Rent	172,100	17,399	62,285	62,304	13,466	40,685	11,300	804	7,665	-
Total expenses before depreciation	1,291,467	181,514	274,025	249,916	151,737	434,607	301,864	1,418,928	197,837	60,957
Depreciation	43,916	1,217	1,007	702	4,485	13,787	2,676	284	1,350	-
Total expense	\$ 1,335,383	\$ 182,731	\$ 275,032	\$ 250,618	\$ 156,222	\$ 448,394	\$ 304,540	\$ 1,419,212	\$ 199,187	\$ 60,957

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Total Program Services</u>	<u>Administration and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 2,786,722	\$ 248,362	\$ 71,091	\$ 319,453	\$ 3,106,175
Payroll taxes and benefits	474,112	37,892	12,610	50,502	524,614
Automobile	99,426	368	-	368	99,794
Accounting and legal	8,766	56,120	1,030	57,150	65,916
Crafts, recreation and gifts	19,737	342	15,915	16,257	35,994
Contract services	19,589	21,209	19,673	40,882	60,471
License and permits	1,767	326	359	685	2,452
Books and subscriptions	620	-	219	219	839
School	2,508	-	55	55	2,563
Food	93,506	5,956	2,817	8,773	102,279
Household supplies	57,629	865	5,801	6,666	64,295
Interest	-	2,202	-	2,202	2,202
Insurance	107,256	15,196	984	16,180	123,436
Medical	19,776	33	-	33	19,809
Miscellaneous	87,668	10,425	1,150	11,575	99,243
Memberships and dues	13,222	18,434	596	19,030	32,252
Office	113,623	21,248	5,646	26,894	140,517
Personal items - clothing	12,125	-	15,985	15,985	28,110
Postage	915	486	11	497	1,412
Printing	-	1,110	185	1,295	1,295
Repairs and maintenance	57,197	6,523	86	6,609	63,806
Staff and program development	11,105	1,135	35	1,170	12,275
Staff travel	75,441	4,884	249	5,133	80,574
Telephone	45,028	1,194	823	2,017	47,045
Utilities	67,106	13,049	467	13,516	80,622
Events	-	-	19,909	19,909	19,909
Rent	388,008	73,343	2,864	76,207	464,215
Total expenses before depreciation	<u>4,562,852</u>	<u>540,702</u>	<u>178,560</u>	<u>719,262</u>	<u>5,282,114</u>
Depreciation	69,424	12,309	679	12,988	82,412
Total expense	<u>\$ 4,632,276</u>	<u>\$ 553,011</u>	<u>\$ 179,239</u>	<u>\$ 732,250</u>	<u>\$ 5,364,526</u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities	
Cash received from grantors, contractors, and contributors	\$ 6,208,806
Cash paid to employees, vendors, and subcontractors	(5,493,479)
Interest received	9,401
Net cash provided by operating activities	724,728
Cash flows from investing activities	
Purchases of investments	(147,324)
Sales of investments	39,399
Purchases of property and equipment	(259,040)
Net cash used in investing activities	(366,965)
Cash flows from financing activities	
Payments on paycheck protection program payable	(163,947)
Net increase in cash and cash equivalents	193,816
Cash and cash equivalents, beginning of year	1,308,235
Cash and cash equivalents, end of year	\$ 1,502,051
Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	\$ 1,280,858
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	82,412
Realized/unrealized loss on investment	36,004
Loss on disposal of property and equipment	1,920
Increase in grants, contracts, and other receivables	(136,662)
Decrease in prepaid expenses and other current assets	15,308
Increase in accounts payable	(20,084)
Increase in accrued liabilities	6,565
Increase in deferred revenue	4,160
Decrease in due to grantor	(113,070)
Decrease in refundable advance	(432,683)
Total adjustments	(556,130)
Net cash provided by operating activities	\$ 724,728
Supplemental schedule of non-cash investing and financing activities:	
Loan forgiveness - Paycheck Protection Program	\$ 434,884
Purchase of property and equipment financed with accounts payable	\$ 90,610

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

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

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

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

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

McElvey Group Home – McElvey At-Risk Group Home provides housing for up to 8 youth ages 12-17 who are currently in foster care and are at-risk of human trafficking. The program will provide a safe, home-like environment while youth attend school and have opportunities for extracurricular activities and bring about positive change in their lives.

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

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

Visitation – This program is a family visitation program that serves children who are placed in out of home care with non-custodial caregivers and are court-ordered and referred by the Dependency Case Management Organizations for visitation services. Visitation services are provided in order to allow caregivers and family members who do not have custody of their children due to a history of child abuse or neglect to visit in a safe environment. These services are provided to enhance the parent or caregiver's relationship with the child and to facilitate reunification or other appropriate permanency goals.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

(g) **Basis of Presentation** (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. As of June 30, 2022, donor-imposed restrictions that are perpetual in nature totaled \$1,939.

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

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

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

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

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

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

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

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

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

(2) **Significant Funding Sources:**

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

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

The more significant concentrations of credit risk are as follows:

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

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

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(4) Property and Equipment:

The following is a summary of property and equipment at June 30, 2022:

Land	\$ 75,000
Buildings and improvements	729,804
Construction in process	308,978
Furniture and fixtures	143,354
Machinery and equipment	220,814
Leasehold improvements	430,447
Vehicles	74,864
	<u>1,983,261</u>
Less: accumulated depreciation and amortization	514,353
Total	<u>\$ 1,468,908</u>

(5) Operating Leases:

The Organization leases vehicles and the building under operating leases expiring at various years through 2024. Rent expense for the vehicles and building for the year ended June 30, 2022 amounted to \$113,407 on the statement of functional expenses. Minimum future lease payments under the non-cancelable operating leases for each of the next five years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 37,150
2024	4,974
2025	-
2026	-
2027	-
Thereafter	-
Total	<u>\$ 42,124</u>

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

(6) Retirement Plan:

The Organization sponsors a 401(k) retirement plan. All employees over 21 years old with at least 1,000 hours of service within a 12-month fiscal year period are eligible to participate. Employees may contribute a maximum allowable for 401(k) plans and the Organization will match 25% of employee contributions up to 3% of the employee's annual gross salary. The Organization contributed \$21,103 to this plan for the fiscal year ended June 30, 2022.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(7) Fair Value Measurements:

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

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

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

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

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

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

The following schedule summarizes the investment return in the Statement of Activities for the year ended June 30, 2022:

Interest and dividend income	\$ 9,401
Net realized and unrealized gains	(36,004)
Investment loss	<u>\$ (26,603)</u>

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(8) **Contingencies:**

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

Debt—The Organization has unconditionally guaranteed debt of Anchorage Foundation, Inc. in the amount of \$309,985.

Litigation—The Organization has been named in lawsuits. The Organization believes the claims have no merit and the current position is to vigorously contest any such claims or litigation. The Organization believes that resolution of these lawsuits will not have a material adverse effect on its financial position and no amount has been accrued in the financial statement as of June 30, 2022.

(9) **Related Party:**

The Organization has an economic interest in Anchorage Foundation, Inc. (the “Foundation”) from an unconditional guarantee of debt in the amount of \$309,985. Therefore, the Foundation is deemed a related party. A significant portion of the premises used by the Organization is owned by the Foundation. The Organization executed a lease agreement on September 1, 2012 with Anchorage Foundation, Inc. to lease the property described as Anchorage Children’s Home located on Lisenby Avenue in Panama City, Florida. The lease has an initial term of ten years and the Organization has an option of extending the term of the lease for up to three additional successive ten-year terms. The Organization is also responsible for all insurance, repairs and maintenance, taxes and utilities associated with the leased premises. The monthly rent payments are \$5,547. Total rent paid to the Foundation during the year was \$66,569. In kind rent totaled \$236,697.

(10) **Net Assets with Donor Restrictions:**

(a) Net assets with donor restrictions consist of the following at June 30, 2022:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2022</u>
Restricted in perpetuity	\$ 1,939	\$ -	\$ -	\$ 1,939
Transitional Living Capital Campaign	-	823,930	-	823,930
Transitional Living rent	8,400	15,300	20,715	2,985
Transitional Living expenses	4,338	-	3,332	1,006
Other program expenses	52,435	40,000	43,065	49,370
Fundraising	5,000	-	5,000	-
Total	<u>\$ 72,112</u>	<u>\$ 879,230</u>	<u>\$ 72,112</u>	<u>\$ 879,230</u>

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(11) **Liquidity and Availability:**

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

Cash and cash equivalents	\$ 1,502,051
Investments	217,876
Grants, contracts, and other receivables	560,015
Financial assets available to meet cash needs for general expenditures	2,279,942
Less those unavailable for general expenditures within one year due to donor imposed restrictions	(879,230)
Financial assets available to meet cash needs for general expenditures	\$ 1,400,712

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

The Organization received the following in-kind donations included in Contributions on the Statement of Activities during the year ended June 30, 2022:

Facilities	\$ 236,697
Materials and supplies	93,982
Total	\$ 330,679

(13) **Paycheck Protection Program:**

On April 20, 2020, the Organization received loan proceeds in the amount of \$596,630, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Organization maintains its payroll levels as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. During the year ended June 30, 2022, the Organization received forgiveness for their Paycheck Protection Program loan in the amount of \$434,884. The Organization repaid the remaining principal balance of \$161,746 and \$2,202 in interest on the unforgiven portion of this loan.

(14) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 11, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

(16) **Construction Commitment:**

The Organization has entered into a construction contract for the purposes of outfitting a building for the Transitional Living program. The expected cost of this project is approximately \$1,384,000. It is anticipated that the estimated construction costs will be paid with a combination of capital campaign contributions and grant funding. As of June 30, 2022, the Organization has incurred approximately \$309,000 in construction costs related to the project to date.

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Agriculture				
Passed through Florida Department of Health Child and Adult Care Food Program	10.558	-	H-4145	\$ 21,278
U.S. Department of Housing and Urban Development				
Passed through Doorways of Northwest Florida, Inc. Emergency Solutions Grant Program	14.231	-	BPZ11	40,166
U.S. Department of Health and Human Services				
Basic Center Grant	93.623	-	90CY7243-02-00	120,015
Basic Center Grant	93.623	-	90CY7243-01-00	40,005
				<u>160,020</u>
Transitional Living for Homeless Youth	93.550	-	90CX7123-05-00	146,045
Transitional Living for Homeless Youth	93.550	-	90CX7123-04-00	48,682
Transitional Living for Homeless Youth - CARES	93.550	-	90CX7123-03-01	15,967
Transitional Living for Homeless Youth	93.550	-	90CX7205-02-01	16,936
Transitional Living for Homeless Youth	93.550	-	90CX7205-03-00	50,000
Transitional Living for Homeless Youth - CARES	93.550	-	90YZ0023-01-00	167,785
				<u>445,415</u>
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, an Street Youth	93.557	-	90YO2389-01-00	29,946
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless, an Street Youth	93.557	-	90YO2389-02-00	89,073
				<u>119,019</u>
Passed through Big Bend Community Based Care, Inc.				
Promoting Safe and Stable Families	93.556	-	0255-22	26,752
Promoting Safe and Stable Families	93.556	-	0255	2,491
				<u>29,243</u>
Foster Care Title IV-E	93.658	-	0262	44,208
Foster Care Title IV-E	93.658	-	0234	31,159
Foster Care Title IV-E	93.658	-	0255	122,211
Foster Care Title IV-E	93.658	-	0255-22	556,294
				<u>753,872</u>
Temporary Assistance for Needy Families	93.558	-	0255-22	119,322
Temporary Assistance for Needy Families	93.558	-	0255	67,218
				<u>186,540</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	0255-22	68,226
Stephanie Tubbs Jones Child Welfare Services Program	93.645	-	0255	39,282
				<u>107,508</u>
Adoption Assistance	93.659	-	0255-22	19,414
Adoption Assistance	93.659	-	0255	10,813
				<u>30,227</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	-	0255-22	20,389
Total Federal Awards				<u>1,913,677</u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2022
 (Continued)

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	State CSFA Number	Contract Number	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>				
State of Florida, Department of Economic Opportunity Division of Housing and Community Development	-	40.038	HL143	\$ 267,533
State of Florida, Department of Children and Families Passed through Big Bend Community Based Care, Inc.				
Out-Of-Home Supports	-	60.074	0255-22	62,308
Out-Of-Home Supports	-	60.074	0234	17,528
				<u>79,836</u>
State of Florida, Department of Juvenile Justice Passed through Florida Network of Youth and Family Services Children and Families in Need of Services (CINS/FINS)	-	80.005	NA	1,052,986
Total State Financial Assistance				<u>1,400,355</u>
Total Federal Awards and State Financial Assistance				<u>\$ 3,314,032</u>

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

ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

(1) **Basis of Presentation:**

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

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

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

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

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

(4) **Subrecipients:**

For the year ended June 30, 2022, there were no amounts passed through to subrecipients.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Anchorage Children's Home of Bay County, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2022, 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 March 11, 2023.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Compliance and Other Matters

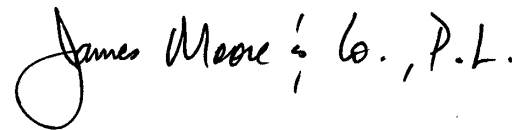
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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

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

Purpose of this Report

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

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

Tallahassee, Florida
March 11, 2023

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Anchorage Children's Home of Bay County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Anchorage Children's Home of Bay County, Inc.'s major federal programs and state projects for the year ended June 30, 2022. Anchorage Children's Home of Bay County, Inc.'s major federal programs and state projects are identified in the accompanying schedule of findings and questioned costs.

In our opinion, Anchorage Children's Home of Bay County, Inc. complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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

We are required to be independent of Anchorage Children's Home of Bay County, 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 federal program and state project. Our audit does not provide a legal determination of Anchorage Children's Home of Bay County, 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 and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Anchorage Children's Home of Bay County, Inc.'s federal programs and state projects.

Auditors' Responsibility 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 Anchorage Children's Home of Bay County, 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the State of Florida, Office 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 Anchorage Children's Home of Bay County, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the State of Florida, Office 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 Anchorage Children's Home of Bay County, 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 Anchorage Children's Home of Bay County, 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 the Uniform Guidance and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Anchorage Children's Home of Bay County, 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.

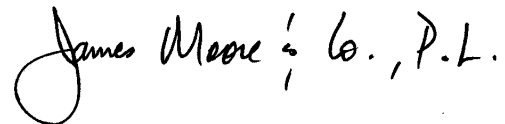
Report on Internal Control Over Compliance

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 a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Tallahassee, Florida
March 11, 2023

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. Summary of Auditors' Results:

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

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

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

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

Identification of major Federal programs:

Federal Program	Federal Assistance Listing Number
Foster Care Title IV-E	93.658
Transitional Living for Homeless Youth	93.550

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

Auditee qualified as low risk auditee? yes X no

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. Summary of Auditors' Results: (Continued)

State Financial Assistance

Internal control over major State projects:

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

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

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

Identification of major projects

State Projects	State CSFA Number
Children and Families in Need of Services (CINS/FINS)	80.005
Dollar threshold used to distinguish between type A and type B State projects:	\$420,107

II. Financial Statement Findings:

Finding 2022-001: Material Adjustments and Preparation of Financial Statements

Criteria: 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 ("GAAP").

Condition: Adjustments were required to be made to the accounting records to be in accordance with GAAP. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Cause: Audit procedures resulted in auditors proposing material adjustments.

Effect: Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2022**

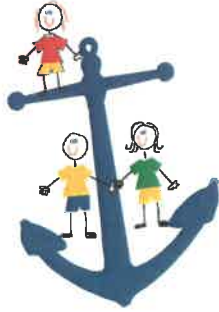
- III. **Federal Award Findings and Questioned Cost:** None.

- V. **State Project Findings and Questioned Costs:** None.

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

**ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

2021-001: Cost Allocation Plan – Resolved



ANCHORAGE CHILDREN'S HOME OF BAY COUNTY, INC.

An Anchor for Today's **Children...** Strengthening Tomorrow's **Families.**

In response to the Finding 2022-001, Management will review and update the process for identifying accounting transactions and make the appropriate journal entries to ensure the fair presentation of financial statements in accordance with generally accepted accounting principles (GAAP).


Joel Booth
Executive Director