

CHILDREN'S HOME NETWORK

**Combined Financial Statements,
Supplementary Financial Information
and Reports as Required by the Comptroller General
of the United States and the Uniform Guidance**

**June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)**

CHILDREN'S HOME NETWORK

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Independent Auditors' Report

The Boards of Directors
Children's Home Network:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of The Children's Home, Inc. (d/b/a Children's Home Network) and Affiliates (collectively the "Organization" or "Children's Home Network"), which comprise the combined statements of financial position as of June 30, 2022 and 2021, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, the related combined statement of functional expenses for the year ended June 30, 2022, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Children's Home Network as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended, and their functional expenses for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined 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 January 24, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Children's Home Network's 2021 combined financial statements, and our report dated December 16, 2021 expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

January 24, 2023
St. Petersburg, Florida

CHILDREN'S HOME NETWORK

Combined Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash (Note 11)	\$ 2,765,423	3,057,770
Receivables:		
Grants and contracts (Note 11)	2,756,959	1,773,656
Medicaid	38,731	60,240
Accrued interest	28,502	32,112
Contributions (Notes 4 and 16)	1,230,816	1,915,087
Investments (Notes 2, 6 and 16)	20,679,448	23,412,839
Prepaid expenses and other assets	745,401	308,366
Cash surrender value of life insurance	104,726	105,269
Beneficial interest in perpetual trust (Note 16)	1,096,713	1,370,244
Net property and equipment (Note 3)	3,714,413	3,518,823
	\$ 33,161,132	35,554,406
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 549,777	209,621
Other accrued expenses	1,130,840	1,084,958
Deferred revenue	792,729	1,449,734
	2,473,346	2,744,313
Total liabilities		
Net assets (Note 8):		
Without donor restrictions:		
Undesignated	6,023,440	4,951,843
Designated for long-term investment	16,806,340	19,057,742
	22,829,780	24,009,585
With donor restrictions (Note 7)	7,858,006	8,800,508
	30,687,786	32,810,093
Total net assets		
	\$ 33,161,132	35,554,406

CHILDREN'S HOME NETWORK

Combined Statements of Support and Revenue, Expenses and Other Changes in Net Assets Without Donor Restrictions

Years Ended June 30, 2022 and 2021

	2022	2021
Operating support and revenue:		
Public support:		
Special event revenue	\$ 364,004	240,316
Less special event costs	(102,653)	(76,976)
Net revenue from special events	261,351	163,340
Contributions	1,464,048	1,367,922
Bequests	37,418	55,767
Government grants and contracts (Note 11)	14,994,065	17,971,308
	16,756,882	19,558,337
Revenue:		
Investment return designated for current operations (Note 2)	580,653	835,977
Medicaid	657,204	755,476
In-kind revenue (Note 10)	315,008	291,002
Other	147,016	170,810
	1,699,881	2,053,265
Net assets released from restrictions:		
Expiration of time restrictions	596,664	423,840
Satisfaction of donor restrictions	89,422	185,082
	686,086	608,922
Total operating support and revenue	19,142,849	22,220,524
Operating expenses:		
Program services	14,589,182	17,823,545
Supporting services:		
Management and general	2,688,792	2,587,834
Development and public information	526,289	481,589
	3,215,081	3,069,423
Total operating expenses	17,804,263	20,892,968
Change in net assets without donor restrictions from operations	1,338,586	1,327,556
Other changes:		
Investment return in excess of (deficient to cover) amounts designated for current operations (Note 2)	(2,546,504)	3,725,184
Gain (loss) on disposal of property and equipment	28,113	(6,539)
Change in value of split-interest agreements	-	39,936
Change in net assets without donor restrictions	\$ (1,179,805)	5,086,137

See accompanying independent auditors' report and notes to combined financial statements.

CHILDREN'S HOME NETWORK

Combined Statements of Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022	2021
Net assets without donor restrictions:		
Total operating support and revenue	\$ 18,456,763	21,611,602
Total operating expenses	(17,804,263)	(20,892,968)
Investment return in excess of (deficient to cover) amounts designated for current operations (Note 2)	(2,546,504)	3,725,184
Gain (loss) on disposal of property and equipment	28,113	(6,539)
Change in value of split-interest agreements	-	39,936
Net assets released from restrictions	686,086	608,922
Change in net assets without donor restrictions	(1,179,805)	5,086,137
Net assets with donor restrictions:		
United Way allocations	71,000	82,500
Capital grants	489,041	69,949
Contributions	108,000	48,703
Bequests	43,540	187,710
Investment return	(462,762)	164,755
Change in value of split-interest agreements	(231,703)	204,831
Change in value of beneficial interest in perpetual trust	(273,532)	231,713
Net assets released from restrictions	(686,086)	(608,922)
Change in net assets with donor restrictions	(942,502)	381,239
Change in net assets	(2,122,307)	5,467,376
Net assets at beginning of year	32,810,093	27,342,717
Net assets at end of year	\$ 30,687,786	32,810,093

CHILDREN'S HOME NETWORK
Combined Statement of Functional Expenses
Year Ended June 30, 2022
(With Comparative Totals for 2021)

	Program Services					Supporting Services			Total Expenses		
	Residential Services	Foster Care Support Services	Kinship	SEEDS	Other Community- Based Programs	Total	Management and General	Development and Public Information	Total	2022	2021
Awards, grants, and assistance:											
Awards, grants and assistance to individuals	\$ 70,116	142,304	97,780	8,384	5,903	324,487	-	20	20	324,507	411,621
	70,116	142,304	97,780	8,384	5,903	324,487	-	20	20	324,507	411,621
Salaries and related expenses:											
Salaries	2,005,404	1,804,133	2,590,949	1,311,959	1,072,566	8,785,011	1,462,637	351,835	1,814,472	10,599,483	13,084,349
Payroll taxes	150,756	135,083	190,560	97,582	80,841	654,822	104,793	26,097	130,890	785,712	960,575
Employee benefits	221,698	192,718	291,100	188,943	129,049	1,023,508	144,221	39,339	183,560	1,207,068	1,737,484
	2,377,858	2,131,934	3,072,609	1,598,484	1,282,456	10,463,341	1,711,651	417,271	2,128,922	12,592,263	15,782,408
Other operating expenses:											
Professional fees	96,221	17,019	160,643	8,112	7,576	289,571	301,230	46,283	347,513	637,084	611,161
Subcontractors	-	1,395,688	48,286	-	193,854	1,637,828	-	-	-	1,637,828	1,443,984
Supplies and materials	161,026	21,248	58,289	32,175	37,230	309,968	44,685	5,581	50,266	360,234	360,996
Electronic communications	21,194	22,904	33,865	22,597	17,783	118,343	17,805	2,656	20,461	138,804	209,940
Postage and shipping	32	132	1,370	1,015	89	2,638	796	7,050	7,846	10,484	14,165
Occupancy	87,026	8,451	84,287	66,184	91,880	337,828	145,868	2,429	148,297	486,125	509,922
Repairs, maintenance and rentals	93,853	2,652	23,729	2,278	18,986	141,498	56,554	6,523	63,077	204,575	162,474
Copying and printing	16,564	14,888	10,276	7,370	8,671	57,769	14,047	21,291	35,338	93,107	84,985
Travel and vehicle	29,243	7,994	20,034	10,122	23,714	91,107	9,482	713	10,195	101,302	121,256
Financing expense	-	-	-	-	-	-	2,576	-	2,576	2,576	126
Insurance	161,738	38,163	45,274	26,383	25,080	296,638	84,179	3,406	87,585	384,223	372,571
Organization and staff development	9,427	10,458	5,554	1,361	22,637	49,437	96,727	950	97,677	147,114	88,152
In-kind	249,575	24,354	20,263	216	13,732	308,140	-	6,868	6,868	315,008	291,002
Bad debt expense (recoveries)	-	-	-	-	-	-	-	(1,195)	(1,195)	(1,195)	(887)
Other	2,511	814	568	159	408	4,460	10,766	6,443	17,209	21,669	17,441
	928,410	1,564,765	512,438	177,972	461,640	3,645,225	784,715	108,998	893,713	4,538,938	4,287,288
Depreciation and amortization	139,264	-	3,927	5,193	7,745	156,129	192,426	-	192,426	348,555	411,651
	\$ 3,515,648	3,839,003	3,686,754	1,790,033	1,757,744	14,589,182	2,688,792	526,289	3,215,081	17,804,263	20,892,968

See accompanying independent auditors' report and notes to combined financial statements.

CHILDREN'S HOME NETWORK
Combined Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (2,122,307)	5,467,376
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	348,555	411,651
Loss (gain) on sale of property and equipment	(28,113)	6,539
Net realized and unrealized losses (gains) on investments	3,374,217	(4,201,557)
Change in value of split-interest agreements	231,703	(244,767)
Change in value of beneficial interest in perpetual trust	273,531	(231,713)
Bad debt recoveries	(1,195)	(887)
Grants restricted for long-term investment	(489,041)	(69,949)
Decrease (increase) in accounts receivable	(504,421)	164,119
Decrease (increase) in prepaid expenses and other assets	(437,035)	11,013
Decrease in cash surrender value of life insurance	543	2,614
Increase (decrease) in accounts payable and other liabilities	(270,967)	491,020
Decrease in refundable advance	-	(308,000)
	375,470	1,497,459
Net cash provided by operating activities		
Cash flows from investing activities:		
Capital expenditures	(633,532)	(205,483)
Proceeds from the sale of property and equipment	117,500	-
Purchase of investment securities	(1,289,453)	(820,546)
Proceeds from sale of investment securities	648,627	993,147
	(1,156,858)	(32,882)
Net cash used in investing activities		
Cash flows from financing activities:		
Grants restricted for long-term investment	489,041	69,949
Payments to donor annuitants	-	(6,800)
	489,041	63,149
Net cash provided by financing activities		
Net increase (decrease) in cash	(292,347)	1,527,726
Cash at beginning of year	3,057,770	1,530,044
Cash at end of year	\$ 2,765,423	3,057,770
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 2,576	126

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements

June 30, 2022 and 2021

(1) **Description of Organization and Summary of Significant Accounting Policies**

(a) **Description of Organization**

Children's Home Network (collectively the "Organization") consists of three not-for-profit entities that provide services to abused children and at-risk families. The Boards of Directors set policy and oversee the financial affairs of the Organization which is funded primarily by the U.S. Department of Health and Human Services; the State of Florida Department of Children and Families; Eckerd Youth Alternatives, Embrace Families, and other lead agencies; United Way Suncoast, Inc.; The Children's Board of Hillsborough County; the Juvenile Welfare Board of Pinellas County; Healthy Start Coalition; investment earnings; and private contributions.

In July 2009, the Boards of Directors approved a restructuring of the Organization. At the center of this structure, *The Children's Home, Inc.* continues to accomplish its historic mission through a therapeutic residential program; foster care, kinship care, and a wide range of community-based early intervention programs.

Children's Home Foundation, Inc. holds and invests the Organization's endowment and other funds designated by the Boards of Directors for long-term investment to preserve capital and generate income to finance the delivery of services to abused children and at-risk families.

Children's Home Properties, Inc. maintains certain real property which is leased to another not-for-profit organization in support of Children's Home Network's mission to provide opportunities to community families for success.

These entities are under common control and therefore their financial statements are combined for purposes of financial reporting. All significant intercompany balances and transactions have been eliminated in combination.

Since 2002, The Children's Home, Inc. has been accredited by the Council on Accreditation. In June 2019, a site visit was completed, including a thorough review of all programs and services, resulting in the Organization's successful re-accreditation through September 2022.

(b) **Financial Statement Presentation**

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Children's Home Network and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Organization's Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Organization's Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(b) **Financial Statement Presentation - Continued**

Net Assets With Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the accompanying combined statements support and revenue, expenses and other changes in net assets without donor restrictions as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the Organization to spend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

The combined statement of functional expenses includes certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2021, from which the summarized information was derived.

(c) **Financial Accounting Standards**

The Financial Accounting Standards Board ("FASB") issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles ("GAAP") - authoritative and nonauthoritative - and made the Accounting Standards Codification ("ASC") the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. This guidance was incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

(d) **Contributions**

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net assets without donor restrictions class.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(d) Contributions - Continued

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$3,875,000 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred, with advance payments of \$748,040 recognized as a component of deferred revenue in the combined statement of financial position.

(e) Revenue Recognition

The Organization provides children and young adult behavioral health services paid for by certain third-party payers (including government programs). Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing behavioral health services. Fees for behavioral health services are recognized at a point in time when the services are provided, based on standard charges applicable to all clients.

(f) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's combined statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined financial statements. Restrictions on investment earnings are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the earnings are recognized.

(g) Property and Equipment

Depreciation of property and equipment is computed principally by the straight-line method over the estimated useful lives of the related assets. Expenditures for property and equipment are stated at cost, and those in excess of \$3,000 are capitalized. Similarly, property and equipment donated with a fair market value in excess of \$3,000 as of the date of receipt is capitalized. The estimated useful lives of related asset classes are as follows:

Buildings and improvements	5 to 30 years
Furniture and equipment	3 to 10 years
Transportation equipment	3 to 5 years
Software	3 to 5 years

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(h) **Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience, third-party contracts, and other circumstances, which may affect the ability of payors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

(i) **Going Concern Evaluation**

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Organization performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued. Management's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the combined financial statements were available for issuance.

(j) **Income Taxes**

Each of the entities included in the combined financial statements has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publicly supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Organization's income tax filings for periods after the fiscal year ended June 30, 2018 remain subject to examination.

(k) **Functional Allocation of Expenses**

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the combined statement of functional expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on either time spent by employees on each functional area or based on a square footage analysis for all indirect occupancy-related expenses.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(1) **Description of Organization and Summary of Significant Accounting Policies - Continued**

(l) **Estimates in Combined Financial Statements**

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of increases or decreases in net assets during the period. Actual results could differ from those estimates.

(m) **Fair Value Measurements**

The Organization has adopted the provisions of ASC Topic 820, *Fair Value Measurement*, which requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices that are observable for the assets or liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3). The carrying amounts reported in the combined statement of financial position for cash, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturities of these financial instruments.

(n) **Recent Accounting Pronouncements**

In September 2020, the FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The ASU requires enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The Organization adopted this ASU on July 1, 2021. The adoption of this standard had no impact on the Organization’s combined financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of support and revenue, expenses and other changes in net assets without donor restrictions. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that had not yet adopted Topic 842 to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the combined financial statements, with certain practical expedients available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the combined financial statements.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(o) Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through January 24, 2023, the date the combined financial statements were available to be issued. No material events have occurred that require recognition or disclosure in the combined financial statements.

(2) Investments

At June 30, 2022 and 2021, the cost and market value of investments were as follows:

	2022		2021	
	Cost	Market	Cost	Market
Endowments:				
Money market funds	\$ 624,227	624,227	712,329	712,329
U.S. Government and Agency obligations	2,055,028	1,919,236	1,903,930	1,852,469
Corporate obligations	3,056,099	2,779,493	2,745,607	2,789,685
Foreign bonds	146,852	139,427	66,485	69,706
Mutual funds	14,807,209	15,217,065	13,450,124	17,988,650
	\$ 20,689,415	20,679,448	18,878,475	23,412,839

The Organization's investments in equities and debt securities are not concentrated in a single entity or in a few entities, nor are there any specific industry concentrations.

The following schedule summarizes investment return for the years ended June 30, 2022 and 2021:

	2022	2021
Dividend and interest income	\$ 1,013,561	587,841
Net realized and unrealized gains (losses)	(3,374,217)	4,201,557
Investment management fees	(67,957)	(63,482)
Total investment return	(2,428,613)	4,725,916
Investment return designated for current operations	580,653	835,977
Investment return with donor restrictions	(462,762)	164,755
	\$ (2,546,504)	3,725,184

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(3) Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of the following:

	2022	2021
Land and improvements	\$ 988,604	988,604
Buildings and improvements	7,160,440	7,176,036
Furniture and equipment	2,607,258	1,995,903
Computer software	219,121	219,121
Transportation equipment	342,747	591,925
	11,318,170	10,971,589
Less accumulated depreciation and amortization	7,603,757	7,452,766
	\$ 3,714,413	3,518,823

Depreciation expense for the years ended June 30, 2022 and 2021 was \$348,555 and \$411,651, respectively. In connection with funding obtained to renovate residential cottages, the Organization periodically enters into land use restriction agreements whereby the Organization must continue to use the cottages for the benefit of abandoned, abused and/or neglected children for periods ranging from five to forty years. Since 2009, the Organization has executed five such agreements and the corresponding land use restriction agreements expire at various dates through June 2049.

(4) Contributions Receivable

Contributions receivable at June 30, 2022 and 2021 consist of the following:

	2022	2021
United Way allocations	\$ 59,743	82,500
Bequests	147,550	410,644
Remainder trusts	1,013,523	1,403,138
Pledges	10,000	20,000
Total contributions receivable	1,230,816	1,916,282
Less allowance for doubtful collections	-	1,000
Less unamortized discount	-	195
	\$ 1,230,816	1,915,087
Amounts due in:		
Less than one year	\$ 188,993	551,296
One to five years	337,000	347,000
More than five years	704,823	1,017,986
	\$ 1,230,816	1,916,282

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.99%. The Organization's interest in remainder trusts is more fully described in Note 15.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(5) Line of Credit

At June 30, 2022 and 2021, the Organization had a revolving line of credit from a commercial bank that allowed the Organization to borrow up to \$1,500,000 at one month LIBOR plus 1.56% (3.35% at June 30, 2022). The loan is secured by an investment account with a fair market value of \$4,917,726 and \$4,800,537 as of June 30, 2022 and 2021, respectively, and matured on September 20, 2022. Subsequent to June 30, 2022, the line of credit was renewed and matures on September 29, 2023. Upon renewal, the line of credit bears interest at the Term Secured Overnight Financing Rate ("SOFR") plus 1.66%. There was no outstanding balance on the line of credit at June 30, 2022 or 2021.

(6) Leases

The Organization is obligated under several noncancellable operating leases, primarily for office space and equipment, which expire over the next three years. Security deposits related to such leases are included in other assets. Rental expense on operating leases was approximately \$303,000 and \$338,000 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under noncancellable operating leases as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 283,600
2024	170,400
2025	<u>45,700</u>
	<u>\$ 499,700</u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(7) Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2022 and 2021 relate to the following:

	2022	2021
<i>Subject to time restrictions:</i>		
United Way allocations	\$ 93,211	106,076
Contributions restricted for future periods	1,139,573	1,763,323
Facilities subject to time restrictions	1,452,056	1,012,892
	2,684,840	2,882,291
<i>Subject to use restrictions:</i>		
Contributions restricted for programs	273,528	273,114
Investment earnings restricted for programs	20,993	161,790
	294,521	434,904
<i>Net assets held in perpetuity:</i>		
<i>Internally-controlled endowment:</i>		
Donor restricted endowment funds	3,781,932	4,113,069
<i>Externally-controlled endowment:</i>		
Beneficial interest in a perpetual trust	1,096,713	1,370,244
	4,878,645	5,483,313
	\$ 7,858,006	8,800,508

Net assets with donor restrictions include the Organization's beneficial interest in a perpetual trust and assets contributed by donors as endowments to be held in perpetuity. Earnings on these endowments are without donor restrictions in most cases. Restrictions on earnings are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the earnings are recognized.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(8) Endowment Funds

The Organization's internally-controlled endowment net assets are comprised of investments held in various donor endowments and funds designated by the Boards of Directors. Net assets associated with endowment funds, including funds designated by the Boards of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Boards of Directors have interpreted the wishes of donors and state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets restricted by the donor in perpetuity (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable and classified as net assets with donor restrictions until appropriated for expenditure.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Boards of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed-income securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of no more than 4.0% to 7.0% (depending on the nature of the endowment), while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% net of fees over a full market cycle. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy of appropriating for distribution each year no more than 4.0% to 7.0% of its endowment fund's fair market value at the end of the calendar year that precedes the start of the Organization's fiscal year. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a real after-inflation growth rate of 0.5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(8) Endowment Funds - Continued

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
2022:			
Board-designated endowments	\$ 16,806,340	-	16,806,340
Donor-restricted endowments	<u>-</u>	<u>3,901,610</u>	<u>3,901,610</u>
	<u>\$ 16,806,340</u>	<u>3,901,610</u>	<u>20,707,950</u>
2021:			
Board-designated endowments	\$ 19,057,742	-	19,057,742
Donor-restricted endowments	<u>-</u>	<u>4,387,209</u>	<u>4,387,209</u>
	<u>\$ 19,057,742</u>	<u>4,387,209</u>	<u>23,444,951</u>

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance, June 30, 2020	\$ 15,167,848	4,252,830	19,420,678
Contributions	134,334	-	134,334
Net investment income	409,532	114,827	524,359
Net appreciation	3,281,481	920,076	4,201,557
Reclassifications	781,589	(781,589)	-
Withdrawals	<u>(717,042)</u>	<u>(118,935)</u>	<u>(835,977)</u>
Balance, June 30, 2021	19,057,742	4,387,209	23,444,951
Contributions	339,066	-	339,066
Net investment income	714,354	164,449	878,803
Net depreciation	(2,742,806)	(631,411)	(3,374,217)
Reclassifications	(4,199)	4,199	-
Withdrawals	<u>(557,817)</u>	<u>(22,836)</u>	<u>(580,653)</u>
Balance, June 30, 2022	<u>\$ 16,806,340</u>	<u>3,901,610</u>	<u>20,707,950</u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(9) **Retirement Plan**

The Organization sponsors a defined contribution retirement plan which covers all employees with one year's service who have attained the age of 21. For the years ended June 30, 2022 and 2021, the plan, subject to minimum funding standards, required matching contributions up to 3% of each participant's gross wages, which are paid to the plan in bi-weekly installments. Participants are immediately vested in their salary deferral contributions and become fully vested in Organization contributions over a five year period of continuous service. Organization contributions to the plan were \$96,990 and \$108,271 for the years ended June 30, 2022 and 2021, respectively.

(10) **Donated Services and Materials**

A substantial number of volunteers have donated significant amounts of time in different projects for the Organization. In addition, materials are donated to the Organization on a periodic basis. For the years ended June 30, 2022 and 2021, total in-kind support (consisting solely of donated materials) was \$316,030 and \$318,373, respectively, of which \$1,022 and \$27,371, respectively, are included in special event revenue and expense. Donated materials are primarily used in the Organization's residential programs and consist of children's clothes, toys and supplies. In valuing donated materials, the Organization estimated the fair value based on wholesale values that would be received for selling similar items in the United States.

(11) **Credit and Funding Concentrations**

The Organization maintains several deposit accounts with what management believes to be high credit quality financial institutions and a large commercial brokerage. The total balances of these accounts were covered by federal deposit insurance at June 30, 2022 and 2021. The Organization has no financial instruments which subject it to off-balance-sheet risk.

The Organization relies to a significant extent on the federal government and the State of Florida as sources of funding. Funding from the federal government and the State of Florida represented approximately 52% and 55% of total operating support and revenue before investment return for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, approximately 71% and 61%, respectively, of total receivables from grants, contracts and the Medicaid program were comprised of funding provided by the federal government and the State of Florida.

(12) **Funds Held by Community Foundation**

In 1992, the Organization established an account at the Community Foundation of Tampa Bay (the "Foundation") with a payment of \$25,000. This amount is considered an asset (beneficial interest in assets held by others) of the Organization and is included in other assets in the accompanying combined statements of financial position. Earnings on this account are earmarked to be distributed on a periodic basis to the Organization. The Foundation has been granted variance power over these funds, which provides the Foundation the unilateral power to redirect the use of the funds to other beneficiaries. Because the Foundation has been granted variance power, funds contributed to the Foundation on behalf of the Organization are not considered to be an asset. The Foundation distributed \$0 and \$12,432 of earnings to the Organization for the years ended June 30, 2022 and 2021, respectively.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(13) Assets Held in Trust by Others

The Organization is currently the sole income beneficiary of the Mary W. Wiggins trust, a perpetual trust established for the Organization's benefit. The trustee directs investment of the principal assets in the trust. Income received by the Organization from the trust was \$24,372 and \$35,508 for the years ended June 30, 2022 or 2021, respectively. The market value of the investments held in the trust was approximately \$575,000 and \$716,000 at June 30, 2022 and 2021, respectively.

(14) Split-Interest Gifts

The Organization has been named the remainder beneficiary under two charitable remainder trusts. Each remainder trust provides for the payment of quarterly distributions to donors over the donors' lifetimes, ranging from 5% to 6% of the fair market value of the trust assets as of the beginning of the trust year. Upon the death of the donors, the remaining assets are available for the Organization's use. The receivable under remainder trusts is reported at estimated fair market value and is included with contributions receivable in the accompanying combined statements of financial position.

(15) Contingencies

The Organization is involved in various legal actions arising during the ordinary course of its operations. The potential loss under these claims, if any, is not determinable at this time. Management believes any potential loss would be expected to fall within the Organization's insurance policy limits. The only anticipated financial exposure would be payment of the insurance policy deductible, a nominal amount. In the opinion of management, no material liability exists with respect to these claims.

The Organization routinely enters into grant agreements and contracts with governmental agencies that provide for reimbursement of the eligible direct and indirect costs of providing certain of the Organization's program services. The grants and contracts are subject to audit or review and retroactive adjustment based on a final determination by the grantor of eligible reimbursable expenditures. The effect of such adjustments, if any, on the Organization's combined financial statements cannot be determined at this time and no provision has been made for any such adjustment in the accompanying combined financial statements.

The Organization is also subject to Medicaid audits. The effect of an adjustment, if any, resulting from future audits cannot be determined at this time and no provision has been made for any such adjustment in the accompanying combined financial statements. Management's estimate of no provision is subject to a significant degree of uncertainty and actual third party payor liabilities may differ from management's estimate in the near term.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Fair Value Measurements

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are cash, money market mutual funds, fixed income mutual funds, equity mutual funds, U.S. government bonds, and mortgage backed securities.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of investments included in Level 2 are corporate bonds and certain U.S. government and agency obligations.

Level 3: Valuation is based on unobservable inputs. Fair values for receivables under remainder trusts are determined by calculating the present value of expected cash flows over the term of the underlying agreements.

There have been no changes in the valuation methodologies used at June 30, 2022 and 2021. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair value of assets measured on a recurring basis at June 30, 2022 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income securities:				
Corporate obligations	\$ 2,779,493	-	2,779,493	-
U.S. government and agency obligations	1,919,236	1,565,733	353,503	-
Foreign bonds	139,427	139,427	-	-
Equity securities:				
Mutual funds	15,217,065	15,217,065	-	-
Money market funds	624,227	624,227	-	-
	<u>20,679,448</u>	<u>17,546,452</u>	<u>3,132,996</u>	<u>-</u>
Receivable under remainder trusts	1,013,523	-	-	1,013,523
Beneficial interest in perpetual trust	1,096,713	-	-	1,096,713
	<u>\$ 22,789,684</u>	<u>17,546,452</u>	<u>3,132,996</u>	<u>2,110,236</u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Fair Value Measurements - Continued

Fair value of assets and liabilities measured on a recurring basis at June 30, 2021 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income securities:				
Corporate obligations	\$ 2,789,685	-	2,789,685	-
U.S. government and agency obligations	1,852,469	1,781,132	71,337	-
Foreign bonds	69,706	69,706	-	-
Equity securities:				
Mutual funds	17,988,650	17,988,650	-	-
Money market funds	712,329	712,329	-	-
	<u>23,412,839</u>	<u>20,551,817</u>	<u>2,861,022</u>	<u>-</u>
Receivable under remainder trusts	1,403,138	-	-	1,403,138
Beneficial interest in perpetual trust	<u>1,370,244</u>	<u>-</u>	<u>-</u>	<u>1,370,244</u>
	<u>\$ 26,186,221</u>	<u>20,551,817</u>	<u>2,861,022</u>	<u>2,773,382</u>

The following table sets forth a summary of changes in fair value of assets and liabilities using significant unobservable inputs (Level 3) for the years ended June 30, 2022 and 2021:

	<u>Receivable Under Remainder Trusts</u>	<u>Annuities Payable</u>
Balances at June 30, 2020	\$ 1,265,509	46,736
Total gains included in changes in net assets	133,229	(39,936)
Purchases, issues sales and settlements:		
Purchases	-	-
Issues	80,170	-
Sales	-	-
Settlements	<u>(75,770)</u>	<u>(6,800)</u>
Balances at June 30, 2021	1,403,138	-
Total losses included in changes in net assets	(220,319)	-
Purchases, issues, sales and settlements:		
Purchases	6,482	-
Issues	-	-
Sales	-	-
Settlements	<u>(175,778)</u>	<u>-</u>
Balances at June 30, 2022	<u>\$ 1,013,523</u>	<u>-</u>
Change in unrealized gains for the period included in changes in net assets for assets held at June 30, 2021	<u>\$ 133,229</u>	<u>(39,936)</u>
Change in unrealized losses for the period included in changes in net assets for assets held at June 30, 2022	<u>\$ (220,319)</u>	<u>-</u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Fair Value Measurements - Continued

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The Organization utilizes discounted cash flow methods to estimate the fair value of the receivable under remainder trusts and annuities payable. At June 30, 2022, significant unobservable inputs include using discount rates ranging from 6% to 8% and estimated life expectancies of income beneficiaries which range from 8 to 18 years.

(17) Liquidity and Availability of Resources

Children's Home Network is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and a revolving line of credit (described in Note 5).

As of June 30, 2022 and 2021, the Organization's financial assets available to meet general expenditures within one year were as follows:

	2022	2021
Financial assets:		
Cash	\$ 2,765,423	3,057,770
Accounts receivable	2,795,690	1,833,896
Contributions receivable	1,230,816	1,915,087
Investments	20,679,448	23,412,839
Beneficial interest in perpetual trusts	1,096,713	1,370,244
Total financial assets	28,568,090	31,589,836
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Contributions restricted for future periods	(1,139,573)	(1,763,323)
Contributions restricted for programs	(273,528)	(273,114)
Investment earnings restricted for programs	(20,993)	(161,790)
Donor restricted endowment funds	(3,781,932)	(4,113,069)
Beneficial interest in perpetual trust	(1,096,713)	(1,370,244)
Board-designations:		
Quasi-endowment	(16,806,340)	(19,057,742)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,449,011	4,850,554

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(18) Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the combined statements of financial position.

SUPPLEMENTARY FINANCIAL INFORMATION

CHILDREN'S HOME NETWORK

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2022

Federal Agency/ Pass-through Entity/ Federal Program	Federal Assistance Listing Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
U.S. Department of Agriculture				
Passed-through State of Florida Department of Agriculture and Consumer Affairs:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	01-0131	\$ 27,067	-
National School Lunch Program	10.555	01-0131	<u>23,483</u>	<u>-</u>
Subtotal - Child Nutrition Cluster			<u>50,550</u>	<u>-</u>
Subtotal - U.S. Department of Agriculture			50,550	-
U.S. Department of Housing and Urban Development				
Passed-through Hillsborough County, State of Florida				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	B-19-U C-12-0002 11-1120	489,041	-
			<u>114,977</u>	<u>-</u>
Subtotal - CDBG - Entitlement Grants Cluster			<u>604,018</u>	<u>-</u>
Subtotal - U.S. Department of Housing and Urban Development			604,018	-
U.S. Department of Health and Human Services				
Passed-through Safe Children Coalition, Inc.:				
Foster Care Title IV-E	93.658	CHNOHCR18	1,503	-
Social Services Block Grant	93.667	CHNOHCR18	<u>1,503</u>	<u>-</u>
			3,006	-
Passed-through ChildNet, Inc.:				
Foster Care Title IV-E	93.658	n/a	65,939	-
Social Services Block Grant	93.667	n/a	<u>1,496</u>	<u>-</u>
			67,435	-
Passed-through Heartland for Children, Inc.:				
Foster Care Title IV-E	93.658	RA-RCN01	4,428	-
Social Services Block Grant	93.667	RA-RCN01	<u>1,856</u>	<u>-</u>
			6,284	-
Passed-through Community Based Care of Central Florida, Inc.:				
Promoting Safe and Stable Families	93.556	SEMOROSO43-2023	20,844	-
<i>TANF Cluster*:</i>				
Temporary Assistance for Needy Families (TANF)	93.558	SEMOROSO43-2023	19,986	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SEMOROSO43-2023	153,241	-
Foster Care Title IV-E	93.658	SEMOROSO43-2023	48,086	-
Adoption Assistance	93.659	SEMOROSO43-2023	<u>3,941</u>	<u>-</u>
			246,098	-
Passed-through from Families First Network of Lakeview Center, Inc.:				
Promoting Safe and Stable Families	93.556	n/a	27,618	-
Foster Care Title IV-E	93.658	n/a	38,643	-
Social Services Block Grant	93.667	n/a	<u>28</u>	<u>-</u>
			66,289	-
Passed-through Healthy Start Coalition of Hillsborough County, Inc.:				
Promoting Safe and Stable Families	93.556	20-21-01 21-22--01	47,730	-
			141,727	-
<i>TANF Cluster*:</i>				
Temporary Assistance for Needy Families (TANF)	93.558	20-21-01 21-22--01	87,383	-
			<u>259,469</u>	<u>-</u>
			536,309	-

(Continued)

CHILDREN'S HOME NETWORK

Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued

Federal Agency/ Pass-through Entity/ Federal Program	Federal Assistance Listing Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
Passed-through from State of Florida, Department of Children and Families:				
Promoting Safe and Stable Families	93.556	LJ998	\$ 222,334	-
Passed-through Citrus Family Care Network:				
<i>TANF Cluster</i> * :				
Temporary Assistance for Needy Families (TANF)	93.558	21-09	3,180	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	21-09	1,062	-
Foster Care Title IV-E	93.658	21-09	3,923	-
Adoption Assistance	93.659	21-09	627	-
			<u>8,792</u>	-
Passed-through Family Support Services of Suncoast, LLC:				
Foster Care Title IV-E	93.658	ECA-C13-RGC-CHN-FY22 ECA-C6-CHI-KIN-FY22	119,205 34,580	- -
Social Services Block Grant	93.667	ECA-C13-RGC-CHN-FY22	12,472	-
Adoption Assistance	93.659	ECA-C6-CHI-KIN-FY22	3,060	-
			<u>169,317</u>	-
Passed-through Eckerd Youth Alternatives, Inc.:				
Promoting Safe and Stable Families	93.556	ECA-C6-CHI-KIN-FY22	12,213	-
<i>TANF Cluster</i> * :				
Temporary Assistance for Needy Families (TANF)	93.558	ECA-C13-CPA-CHN-FY22	153,644	48,047
Stephanie Tubbs Jones Child Welfare Services Program	93.645	ECA-C13-CPA-CHN-FY22	51,285	16,038
Foster Care Title IV-E	93.658	ECA-C13-CPA-CHN-FY22 ECA-C13-L1L-CHN-FY22 ECA-C13-RGC-CHN-FY22 ECA-C6-CHI-KIN-FY22	744,911 256,839 991,822 15,306	232,948 110,910 - -
Adoption Assistance	93.659	ECA-C13-CPA-CHN-FY22 ECA-C13-L1L-CHN-FY22 ECA-C6-CHI-KIN-FY22	119,038 41,047 1,354	37,226 17,725 -
Social Services Block Grant	93.667	ECA-C13-RGC-CHN-FY22	103,771	-
			<u>2,491,230</u>	<u>462,894</u>
Subtotal - U.S. Department of Health and Human Services			3,817,094	462,894
Corporation for National and Community Service				
Passed-through from Florida Commission on Community Service:				
AmeriCorps State and National	94.006	N/A	382	-
			<u>382</u>	-
Subtotal - Corporation for National and Community Service			382	-
Total Expenditures of Federal Awards			\$ <u>4,472,044</u>	<u>462,894</u>

* See TANF Cluster subtotal in accompanying notes to schedule of expenditures of federal awards.

(Continued)

CHILDREN’S HOME NETWORK

Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued

State Agency/ Pass-through Entity/ State Project	CSFA Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
Department of Children and Families				
Passed-through Eckerd Youth Alternatives, Inc.: Out-of-Home Supports	60.074	ECA-C6-CHI-KIN-FY22	\$ 42,322	-
Passed-through Family Support Services of Suncoast, LLC: Out-of-Home Supports	60.074	ECA-C6-KIN-CHI-FY22	158,802	-
Passed-through Citrus Family Care Network: Kinship Navigator Program	60.207	21-09	230,340	-
Passed-through Childnet, Inc.: Family Finders Program	60.206	CHN20KIN	94,233	-
Kinship Navigator Program	60.207	CHN20KIN	<u>190,154</u>	-
			284,387	-
Passed-through Embrace Families Community Based Care, Inc.: Kinship Navigator Program	60.207	SEMOROSO43-2023	<u>222,329</u>	-
			<u>938,180</u>	-
Subtotal - Department of Children and Families			<u>938,180</u>	-
Total Expenditures of State of Florida State Financial Assistance			<u>\$ 938,180</u>	-

CHILDREN'S HOME NETWORK

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Children's Home Network under programs of the federal and state governments for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Children's Home Network, it is not intended to and does not present the combined financial position, changes in net assets, or cash flows of Children's Home Network.

(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 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 Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Other

The accompanying Schedule includes federal and state expenditures awarded by pass-through agencies. Expenditures of certain federal programs and state projects were awarded to Children's Home Network by more than one pass-through agency or under more than one contract.

Due to the Organization's historical use of a negotiated indirect cost rate agreement with the U.S. Department of Health and Human Services, the Organization is not using the 10% de minimis rate allowed under the Uniform Guidance.

CHILDREN’S HOME NETWORK

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance - Continued

(3) Other - Continued

Total federal expenditures by federal program and state financial assistance by state project for the year ended June 30, 2022 were as follows:

<u>AL/CSFA Number</u>	<u>Federal Program/State Project</u>	<u>Expenditures</u>
<i>Child Nutrition Cluster:</i>		
10.553	School Breakfast Program	\$ 27,067
10.555	National School Lunch Program	<u>23,483</u>
		50,550
<i>CDBG - Entitlement Grants Cluster:</i>		
14.218	Community Development Block Grants/Entitlement Grants	604,018
<i>TANF Cluster:</i>		
93.558	Temporary Assistance for Needy Families (TANF)	523,662
93.556	Promoting Safe and Stable Families	472,466
93.645	Stephanie Tubbs Jones Child Welfare Services Program	205,588
93.658	Foster Care Title IV-E	2,325,185
93.659	Adoption Assistance	169,067
93.667	Social Services Block Grant	121,126
94.006	AmeriCorps State and National	<u>382</u>
	Total Expenditures of Federal Awards	<u>\$ 4,472,044</u>
60.074	Out-of-Home Supports	\$ 201,124
60.206	Family Finders Program	94,233
60.207	Kinship Navigator Program	<u>642,823</u>
	Total Expenditures of State Financial Assistance	<u>\$ 938,180</u>

CHILDREN'S HOME NETWORK

Combining Statement of Financial Position

June 30, 2022

	<u>The Children's Home, Inc.</u>	<u>The Children's Home Properties, Inc.</u>	<u>The Children's Home Foundation, Inc.</u>	<u>Eliminations</u>	<u>Combined Total</u>
Assets					
Cash	\$ 2,707,399	-	58,024	-	2,765,423
Receivables:					
Grants and contracts	2,756,959	-	-	-	2,756,959
Medicaid	38,731	-	-	-	38,731
Accrued interest	-	-	28,502	-	28,502
Contributions	1,230,816	-	-	-	1,230,816
Intercompany	-	-	84,746	(84,746)	-
Investments	100	-	20,679,348	-	20,679,448
Prepaid expenses and other assets	684,811	-	60,590	-	745,401
Cash surrender value of life insurance	-	-	104,726	-	104,726
Beneficial interest in a perpetual trust	-	-	1,096,713	-	1,096,713
Net property and equipment	3,293,100	421,313	-	-	3,714,413
	<u>\$ 10,711,916</u>	<u>421,313</u>	<u>22,112,649</u>	<u>(84,746)</u>	<u>33,161,132</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable:					
Trade	\$ 549,777	-	-	-	549,777
Intercompany	84,746	-	-	(84,746)	-
Other accrued expenses	1,130,840	-	-	-	1,130,840
Deferred revenue	792,729	-	-	-	792,729
Total liabilities	2,558,092	-	-	(84,746)	2,473,346
Net assets	<u>8,153,824</u>	<u>421,313</u>	<u>22,112,649</u>	<u>-</u>	<u>30,687,786</u>
	<u>\$ 10,711,916</u>	<u>421,313</u>	<u>22,112,649</u>	<u>(84,746)</u>	<u>33,161,132</u>

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets

Year Ended June 30, 2022

	The Children's Home, Inc.	The Children's Home Properties, Inc.	The Children's Home Foundation, Inc.	Combined Total
Activities without donor restrictions:				
Operating support and revenue:				
Public support:				
Special event revenue	\$ 364,004	-	-	364,004
Less special event costs	<u>(102,653)</u>	<u>-</u>	<u>-</u>	<u>(102,653)</u>
Net revenue from special events	261,351	-	-	261,351
Contributions	1,446,682	-	17,366	1,464,048
Bequests	3,742	-	33,676	37,418
Government grants and contracts	<u>14,994,065</u>	<u>-</u>	<u>-</u>	<u>14,994,065</u>
	16,705,840	-	51,042	16,756,882
Revenue:				
Investment return designated for current operations	-	-	580,653	580,653
Medicaid	657,204	-	-	657,204
In-kind revenue	315,008	-	-	315,008
Other	<u>147,016</u>	<u>-</u>	<u>-</u>	<u>147,016</u>
	1,119,228	-	580,653	1,699,881
Net assets released from restrictions:				
Expiration of time restrictions	527,400	-	69,264	596,664
Satisfaction of donor restrictions	<u>66,586</u>	<u>-</u>	<u>22,836</u>	<u>89,422</u>
	<u>593,986</u>	<u>-</u>	<u>92,100</u>	<u>686,086</u>
Total operating support and revenue	18,419,054	-	723,795	19,142,849
Operating expenses:				
Program services	14,589,182	-	-	14,589,182
Supporting services:				
Management and general	2,686,292	-	2,500	2,688,792
Development and public information	<u>526,263</u>	<u>-</u>	<u>26</u>	<u>526,289</u>
	<u>3,212,555</u>	<u>-</u>	<u>2,526</u>	<u>3,215,081</u>
Total operating expenses	<u>17,801,737</u>	<u>-</u>	<u>2,526</u>	<u>17,804,263</u>
Change in net assets without donor restrictions from operations	617,317	-	721,269	1,338,586
Other changes:				
Investment return in excess of (deficient to cover) amounts designated for current operations	202	-	(2,546,706)	(2,546,504)
Affiliate contributions	352,675	-	(352,675)	-
Gain on disposal of property and equipment	<u>28,113</u>	<u>-</u>	<u>-</u>	<u>28,113</u>
Change in net assets without donor restrictions	998,307	-	(2,178,112)	(1,179,805)

(Continued)

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets - Continued

	<u>The Children's Home, Inc.</u>	<u>The Children's Home Properties, Inc.</u>	<u>The Children's Home Foundation, Inc.</u>	<u>Combined Total</u>
Donor restricted activities:				
Support and revenue:				
Capital grants	\$ 489,041	-	-	489,041
Contributions	179,000	-	-	179,000
Bequests	12,040	-	31,500	43,540
Investment return	-	-	(462,762)	(462,762)
Change in value of split-interest agreements	(231,703)	-	-	(231,703)
Change in value of beneficial interest in perpetual trust	-	-	(273,532)	(273,532)
Net assets released from restrictions	<u>(593,986)</u>	<u>-</u>	<u>(92,100)</u>	<u>(686,086)</u>
Change in net assets with donor restrictions	<u>(145,608)</u>	<u>-</u>	<u>(796,894)</u>	<u>(942,502)</u>
Change in net assets	852,699	-	(2,975,006)	(2,122,307)
Net assets at beginning of year	<u>7,301,125</u>	<u>421,313</u>	<u>25,087,655</u>	<u>32,810,093</u>
Net assets at end of year	<u>\$ 8,153,824</u>	<u>421,313</u>	<u>22,112,649</u>	<u>30,687,786</u>

INTERNAL CONTROL AND COMPLIANCE



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with *Government Auditing Standards*

The Boards of Directors
Children's Home Network:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to combined financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Children's Home Network (the "Organization"), which comprise the combined statement of financial position as of June 30, 2022, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combined 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Organization's combined 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 combined 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

January 24, 2023
St. Petersburg, Florida



Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the State of Florida Auditor General

The Boards of Directors
Children’s Home Network:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Children’s Home Network’s (the “Organization”) compliance with the types of compliance requirements identified as subject to audit 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 the Organization’s major federal program and state project for the year ended June 30, 2022. The Organization’s major federal program and state project are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program and state project.

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; 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 Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' 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 to do with fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650 will always detect a material noncompliance when it exists. The risk of not detecting a 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 the Organization'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*, Uniform Guidance, and Chapter 10.650 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditors' 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. Accordingly, this report is not suitable for any other purpose.

Mayer Hoffman McCann P.C.

January 24, 2023
St. Petersburg, Florida

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

(A) Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the combined financial statements of Children's Home Network.
2. No significant deficiencies or material weaknesses relating to the audit of the combined financial statements were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Combined Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Children's Home Network which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal program and major state project are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*.
5. The auditors' report on compliance for the major federal award program and state project for Children's Home Network expresses an unmodified opinion.
6. Audit findings, if any, relative to the major federal award program and major state project that are required to be reported in accordance with 2 CFR Section 200.516(a) and Chapter 10.650, *Rules of the State of Florida Auditor General* are reported in Parts B and C of this schedule.
7. The program tested as a major federal program and the project tested as a major state project were:

Federal Program:

Foster Care Title IV-E (AL No. 93.658)

State Project:

Kinship Navigator Project (CSFA No. 60.207)

8. The threshold for distinguishing Types A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.
9. Children's Home Network was determined to be a low-risk auditee.

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs - Continued

(B) Findings - Audit of Combined Financial Statements

None.

(C) Findings and Questioned Costs - Major Federal Award Program and Major State Project

None.

(D) Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the audit of the combined financial statements in 2021 or major federal programs or state projects.



Management Letter

The Board of Directors
Children’s Home Network:

Report on the Combined Financial Statements

We have audited the combined financial statements of Children’s Home Network as of and for the year ended June 30, 2022, and have issued our report thereon dated January 24, 2023.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and Chapter 10.650, *Rules of the State of Florida Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Financial Statements Performed in Accordance with *Government Auditing Standards*, our Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 24, 2023, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the combined financial statements, federal award programs or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not identify any such findings.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

January 24, 2023
St. Petersburg, Florida