

THE FAMILY C.A.F.E., INC.
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SEPTEMBER 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Family C.A.F.E., Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Family C.A.F.E., Inc. (the "Organization"), which comprise the statement of financial position as of September 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 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 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 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 judgement 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 appropriate in the circumstances, 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 financial statements.
- Conclude whether, in our judgement, 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.

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 is presented for purposes of additional analysis as required by the audit 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, 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
June 5, 2023

**THE FAMILY C.A.F.E., INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022**

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,329,984
Grant, contract and other receivables	213,781
Prepaid expenses	12,569
Total current assets	1,556,334
Property and equipment, net	2,552
Other assets	
Investments, cash portion	4,080
Investments	252,159
Total other assets	256,239
Total Assets	\$ 1,815,125

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 29,585
Florida Department of Education payable	215,767
Deferred revenue	219,607
Total current liabilities	464,959
Long-term liabilities	
Deferred compensation payable	256,239
Total long-term liabilities	256,239
Total liabilities	721,198
Net assets	
Without donor restrictions	
Undesignated	1,089,927
With donor restrictions	
Purpose restrictions	4,000
Total net assets	1,093,927
Total Liabilities and Net Assets	\$ 1,815,125

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

THE FAMILY C.A.F.E., INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 1,840,114	\$ -	\$ 1,840,114
Exhibits	115,054	-	115,054
Registrations	24,025	-	24,025
In-kind income	11,999	-	11,999
Contributions and other	132,903	-	132,903
Investment return	9,835	-	9,835
Loan forgiveness - Paycheck Protection Program	104,547	-	104,547
Total support and revenues	<u>2,238,477</u>	<u>-</u>	<u>2,238,477</u>
Expenses			
Program services	1,946,677	-	1,946,677
Supporting services	152,445	-	152,445
Total expenses	<u>2,099,122</u>	<u>-</u>	<u>2,099,122</u>
Increase in net assets	<u>139,355</u>	<u>-</u>	<u>139,355</u>
Net assets, beginning of year	950,572	4,000	954,572
Net assets, end of year	<u>\$ 1,089,927</u>	<u>\$ 4,000</u>	<u>\$ 1,093,927</u>

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

THE FAMILY C.A.F.E., INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Conference	\$ 880,751	\$ -	\$ 880,751
Depreciation	1,103	122	1,225
Insurance	3,108	345	3,453
Miscellaneous	16,359	15,735	32,094
Office	13,717	8,848	22,565
Postage and delivery	1,199	10	1,209
Printing and reproduction	9,097	-	9,097
Professional fees	367,021	31,303	398,324
Rent	5,971	33,068	39,039
Salary and benefits	523,465	50,178	573,643
Telephone	14,860	1,651	16,511
Travel and meals	106,447	10,787	117,234
Utilities	3,579	398	3,977
	<u>\$ 1,946,677</u>	<u>\$ 152,445</u>	<u>\$ 2,099,122</u>

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

THE FAMILY C.A.F.E., INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash flows from operating activities	
Cash received from grantors, contractors, and contributors	\$ 2,136,714
Cash paid to employees and vendors	(2,042,629)
Interest received	8,467
Net cash provided by operating activities	<u>102,552</u>
 Cash flows from investing activities	
Purchases of investments	(196,503)
Proceeds from sale of investments	37,455
Net cash used in investing activities	<u>(159,048)</u>
Net decrease in cash and cash equivalents	<u>(56,496)</u>
Cash and cash equivalents, beginning of year	1,390,560
Cash and cash equivalents, end of year	<u><u>\$ 1,334,064</u></u>
 Cash and cash equivalents classified as:	
Cash and cash equivalents	\$ 1,329,984
Investments, cash portion	4,080
Total cash and cash equivalents	<u><u>\$ 1,334,064</u></u>
 Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	<u>\$ 139,355</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	1,225
Loan forgiveness - Paycheck Protection Program	(104,547)
Unrealized gain on investments	(1,368)
Increase in grant, contract and other receivables	(170,380)
Decrease in prepaid expenses	32,615
Increase in accounts payable and accrued expenses	8,871
Increase in deferred revenue	194,998
Increase in deferred compensation payable	1,783
Total adjustments	<u>(36,803)</u>
Net cash provided by operating activities	<u><u>\$ 102,552</u></u>

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

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of The Family C.A.F.E., Inc. (the "Organization") which affect significant elements of the accompanying financial statements:

(a) **Organization and Purpose**—The Organization was incorporated in Florida on October 8, 1998 as The Family C.A.F.E., Inc. The Organization offers information and training opportunities to individuals with disabilities and special health care needs, self-advocates and their families in a family-centered and collaborative environment. The Organization plans and arranges a statewide conference that provides families and self-advocates with a forum to educate themselves on how to utilize the programs available, enabling the greatest participation possible by any and all interested parties.

(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 a cost of \$5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to ten 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 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 tax 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, amounts in demand deposits held with banks, and short-term investments with an original maturity date of ninety 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.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

(h) **Functional Allocation of Expenses**—The costs of providing the various program 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 undesignated use unless specifically designated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions which increases this net asset class. However, if a designation is fulfilled in the same time period in which the contribution is received, the entity reports the support as net assets without donor restriction.

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.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has designated the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The value of donated materials and services is included in the Statement of Activities.

(j) **Exhibitor Fees**—Exhibitor fees are recognized as revenue at the time of the exhibit.

(k) **Grant, Contract and Other Receivables**—Grant, contract 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 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.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(l) **Grant and Contract 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. Amounts earned but not received are reported as grants, contracts, and accounts receivable. Amounts received but not earned are reported as deferred revenue.

(m) **Net Assets**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Organization maintains cash deposits with one financial institution. The Organization has no policy requiring collateral to support its deposits, although all deposits with these institutions are insured by the Federal Deposit Insurance Corporation up to FDIC limits.

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

(c) **Financial Instruments**—Financial instruments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Credit risk is a consequence of carrying investment positions. To manage credit risk, the Organization holds investments with a broker that is covered by SPIC (Securities Investor Protection Corporation); however, this does not protect against loss due to market fluctuation.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) **Property and Equipment:**

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

Furniture and fixtures	\$	5,907
Computers and equipment		14,928
		20,835
Less: accumulated depreciation		18,283
Total	\$	2,552

(4) **Significant Funding Sources:**

The Organization receives a substantial amount of its funding from the United States Department of Education and the United States Department of Health and Human Services. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities

(5) **Florida Department of Education Payable:**

Amounts received for cost reimbursement grant contracts that are not spent by the end of the grant term are required to be paid back to the grantor at the end of the grant term. These amounts are recorded as Florida Department of Education payable in the financial statements.

The amounts payable to the grantor as of September 30, 2022 are as follows:

<u>Contract Number</u>	<u>Amount</u>
37F-90745-0Q001	\$ <u>215,767</u>

(6) **Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. 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.

(7) **In Kind Donations:**

In kind donations are recorded at fair value at the date of donation. Donations for The Annual Family Café conference were \$11,999 and consisted of program materials and supplies for the year ended September 30, 2022.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Investments:**

The Organization's other assets at September 30, 2022 consist of investments in marketable securities for the deferred compensation plan recorded at fair value as summarized below:

	Cost	Fair Value	Unrealized Gain (Loss)
Mutual funds	\$ 258,097	\$ 252,159	\$ (5,938)

The following schedule summarizes the investment return for the year ended September 30, 2022:

Interest	\$ 8,467
Unrealized gain	1,368
Investment return	\$ 9,835

Investments in marketable securities with readily determinable fair values are reported at fair values in the Statement of Financial Position.

(9) **Fair Value Measurements:**

On October 1, 2016, the Organization adopted the provisions of FASB ASC 820-10 which provides a framework for measuring fair value under generally accepted accounting principles. These standards define fair value, provide guidance for measuring fair value and require certain disclosures. These standards do not require any new fair value measurements, but rather apply to all other accounting pronouncements that require or permit fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The following is a brief description of the three levels within the fair value hierarchy that prioritize the inputs to valuation techniques:

- **Level 1:** Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities that are not active. Such inputs may include interest rates and yield curves, volatilities, prepayment speeds, credit risks, and default rates.
- **Level 3:** Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Fair Value Measurements:** (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Mutual funds— Valued at quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the valuation as of September 30, 2022 for the Organization's investments based upon the three levels defined above:

	Fair Value	Quoted Prices (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equity mutual funds	\$ 230,989	\$ 230,989	\$ -	\$ -
Fixed income mutual funds	21,170	21,170	-	-
Total investments at fair value	<u>\$ 252,159</u>	<u>\$ 252,159</u>	<u>\$ -</u>	<u>\$ -</u>

(10) **Related Party Transactions:**

A family member of the President/CEO was paid \$60,559 as an independent contractor for video production, social media management and marketing services during the year ended September 30, 2022.

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

Net assets with donor restrictions consist of the following at September 30, 2022:

Equipment	<u>\$ 4,000</u>
Total	<u>\$ 4,000</u>

(12) **Deferred Compensation Plan:**

The Organization has a non-qualified deferred compensation plan for certain members of management. The deferred compensation accounts are shown as both assets and liabilities on the Organization's financial statements and are available to creditors in the event of the Organization's liquidation. There were no employer contributions for the year ended September 30, 2022.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(13) Operating Leases:

The Organization leases office space under an operating lease expiring in 2024. Rent expense for the year ended September 30, 2022 under the lease was \$38,480. Minimum future rental payments under operating leases as of September 30, 2022, for each of the next five years and in the aggregate are:

<u>Year</u>	<u>Amount</u>
2023	\$ 43,200
2024	28,800
2025	-
2025	-
2026	-
	<u>\$ 72,000</u>

(14) Defined Contribution Plan:

The Organization sponsors a defined contribution SIMPLE IRA retirement plan covering all employees. The Organization provides an annual contribution of 3% of an eligible employee's salary. Contributions to the plan for the year ended September 30, 2022, were \$6,594.

(15) 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	\$ 1,329,984
Grants and other receivables	213,781
Purpose restrictions	(4,000)
Financial assets available to meet cash needs for general expenditures	<u>\$ 1,539,765</u>

(16) Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 5, 2023, the date which the financial statements were available to be issued.

THE FAMILY C.A.F.E., INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(17) Loan Forgiveness – Paycheck Protection Program:

On February 5, 2021, the Organization received proceeds in the amount of \$104,547 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides funding to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The proceeds are forgivable after eight weeks or twenty-four weeks (the period has not been chosen to date by the Organization) as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four-week period.

During the year ended September 30, 2022, the loan was forgiven for the entirety of the principal and accrued interest. The Organization has recognized the contribution as debt forgiveness income on the Statement of Activities.

(18) 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.

THE FAMILY C.A.F.E., INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Federal/State Agency / Pass Through Entity / Federal Program / State Project</u>	<u>ALN / CSFA Number</u>	<u>Contract Number</u>	<u>Current Year Expenditures</u>
<u>FEDERAL AWARDS</u>			
U.S. Department of Education			
Indirect Programs:			
Passed-through Florida Department of Education			
Handicapped - State Grants	84.027	37F-2622B-2P001	\$ 150,000
Handicapped - State Grants	84.027	37F-2623C-3P001	5,927
			<u>155,927</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM082668-01	489,548
Indirect Programs:			
Passed-through Florida Developmental Disabilities Council, Inc.			
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1030SA20	254,308
Total Federal Awards			<u>\$ 899,783</u>
<u>STATE FINANCIAL ASSISTANCE</u>			
Florida Department of Education			
Direct Programs:			
Family CAFÉ	48.149	37F-90745-2Q001	\$ 917,688
Family CAFÉ	48.149	37F-90745-3Q001	22,643
Total State Financial Assistance			<u>\$ 940,331</u>

THE FAMILY CAFE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the state grant activity of The Family Cafe, Inc. (the Organization), 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, *Florida Single Audit Act*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either 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* (Uniform Guidance) and Section 215, Florida Statutes, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

(4) **Subrecipients:**

During the year ended September 30, 2022, the Organization provided no federal or state awards 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,
The Family C.A.F.E., Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Family C.A.F.E., Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, statement of 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 June 5, 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 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*.

The Family C.A.F.E., Inc. 's Response to Finding

The Family C.A.F.E., Inc. 's response to the finding identified in our audit is described in the accompanying corrective action plan. The Family C.A.F.E., 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
June 5, 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,
The Family Cafe, Inc.:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited The Family Cafe, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended September 30, 2022. The Organization's major federal programs and major state projects are identified in the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 5, 2023.

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 Auditor General. Our responsibilities under those standards and the Uniform Guidance 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 due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional 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*, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the 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 results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
June 5, 2023

**THE FAMILY CAFE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 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 financial reporting:

- 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 programs:

Federal Program	Federal Assistance Listing Number
Family CAFÉ	93.243
Dollar threshold used to distinguish between type A and type B program:	\$750,000
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no

THE FAMILY CAFE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Continued)

Finding 2022-001: Material Audit Adjustments (Continued)

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

Recommendation: We recommend management select and apply the appropriate accounting principles and record all adjustments necessary in accordance with GAAP.

III. **Federal Award Findings and Questioned Costs:** None.

IV. **State Project Findings and Questioned Costs:** None.

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

THE FAMILY CAFE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Finding 2021-001: Status: Partially resolved. During the year ending September 30, 2022, management retained a 3rd party CPA to assist with overseeing the preparation of the financial statements during the annual audit and adjusting the accounting records at year end. See Finding 2022-001 for certain material adjustments required during the annual audit to adjust the accounting records to a full accrual basis.



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Corrective Action Plan to Address Finding in the 2021-2022 Financial Audit

2022-001 – Significant Adjustments

Management will review the audit adjustments made during the audit and will work with the Organization's 3rd party CPA to make all adjustments in future years and adjust the accounting records to a full accrual basis.

Leri Jolley