

**FAMILY SUPPORT SERVICES OF
NORTH FLORIDA, INC. AND
AFFILIATE**

**CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2022 and 2021

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Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Support Services of North Florida, Inc. and Affiliate
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Family Support Services of North Florida, Inc. and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Family Support Services of North Florida, Inc. and Affiliate as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Support Services of North Florida, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services of North Florida, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Family Support Services of North Florida, Inc. and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services of North Florida, Inc. and Affiliate'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 consolidated financial statements as a whole. The accompanying consolidating statements of financial position, activities and changes in net assets, and functional expenses are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to

Supplementary Information (continued)

the consolidated 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 is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of Family Support Services of North Florida, Inc. and Affiliate'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 Family Support Services of North Florida, Inc. and Affiliate'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 Family Support Services of North Florida, Inc. and Affiliate's internal control over financial reporting and compliance.

Report on Comparative Information

The financial statements of Family Support Services of North Florida, Inc. and Affiliate as of June 30, 2021 were audited by other auditors whose report dated June 9, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 13, 2022

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,308,272	\$ 4,194,001
Accounts receivable	3,232,315	1,311,015
Investments	803,775	941,628
Prepaid expenses	139,749	190,403
TOTAL CURRENT ASSETS	8,484,111	6,637,047
Cash and cash equivalents, restricted	304,703	513,880
Non-controlling partnership interest	-	194,766
Property and equipment, net	374,917	417,124
Other assets	151,613	151,613
TOTAL NON-CURRENT ASSETS	831,233	1,277,383
TOTAL ASSETS	\$ 9,315,344	\$ 7,914,430

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,115,436	\$ 2,962,447
Refundable advances	525,949	1,074,400
Due to clients	304,703	421,062
TOTAL CURRENT LIABILITIES	5,946,088	4,457,909
NET ASSETS		
Without donor restrictions	3,283,321	3,363,703
With donor restrictions	85,935	92,818
TOTAL NET ASSETS	3,369,256	3,456,521
TOTAL LIABILITIES AND NET ASSETS	\$ 9,315,344	\$ 7,914,430

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

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public Support			
State and federal support	\$ 68,624,679	\$ -	\$ 68,624,679
Local support	1,144,008	94,461	1,238,469
Total public support	69,768,687	94,461	69,863,148
Revenues			
Contributed non-financial assets	770,680	-	770,680
Investment loss	(207,315)	-	(207,315)
Other income	184,022	-	184,022
Total support and revenues before net assets released from restrictions	70,516,074	94,461	70,610,535
Net assets released from restrictions - satisfaction of purpose restrictions	101,344	(101,344)	-
Total revenue and other support	70,617,418	(6,883)	70,610,535
EXPENSES			
Program services			
Child welfare services	68,506,789	-	68,506,789
Total program services	68,506,789	-	68,506,789
Supporting services			
General and administrative	2,191,011	-	2,191,011
Total supporting services	2,191,011	-	2,191,011
Total expenses	70,697,800	-	70,697,800
Change in net assets	(80,382)	(6,883)	(87,265)
NET ASSETS, BEGINNING OF YEAR	3,363,703	92,818	3,456,521
NET ASSETS, END OF YEAR	\$ 3,283,321	\$ 85,935	\$ 3,369,256

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

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public Support			
State and federal support	\$ 64,976,152	\$ -	\$ 64,976,152
Local support	1,170,320	64,096	1,234,416
Total public support	66,146,472	64,096	66,210,568
Revenues			
Contributed non-financial assets	1,070,777	-	1,070,777
Investment income, net	147,311	-	147,311
Gain on forgiveness of PPP loan	1,522,400	-	1,522,400
Other income	116,457	-	116,457
Total support and revenues before net assets released from restrictions	69,003,417	64,096	69,067,513
Net assets released from restrictions - satisfaction of purpose restrictions	83,290	(83,290)	-
Total revenue and other support	69,086,707	(19,194)	69,067,513
EXPENSES			
Program services			
Child welfare services	65,654,209	-	65,654,209
Total program services	65,654,209	-	65,654,209
Supporting services			
General and administrative	2,312,088	-	2,312,088
Total supporting services	2,312,088	-	2,312,088
Total expenses	67,966,297	-	67,966,297
Change in net assets	1,120,410	(19,194)	1,101,216
NET ASSETS, BEGINNING OF YEAR	2,243,293	112,012	2,355,305
NET ASSETS, END OF YEAR	\$ 3,363,703	\$ 92,818	\$ 3,456,521

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

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Child Welfare</u>	<u>General &</u>	
	<u>Services</u>	<u>Administrative</u>	<u>Total</u>
Salaries and related expenses			
Salaries	\$ 7,264,635	\$ 1,124,011	\$ 8,388,646
Payroll taxes and benefits	2,047,928	327,857	2,375,785
Total salaries and related expenses	<u>9,312,563</u>	<u>1,451,868</u>	<u>10,764,431</u>
Occupancy			
Rent	601,681	90,358	692,039
Office space services	130,016	9,224	139,240
Telephone and data lines	166,486	18,042	184,528
Repairs and maintenance	7,349	202	7,551
Office equipment	68,318	151,326	219,644
Depreciation	105,534	60	105,594
Total occupancy	<u>1,079,384</u>	<u>269,212</u>	<u>1,348,596</u>
Operating expenses			
Professional services	1,108,019	202,088	1,310,107
Contributed non-financial expenses	770,680	-	770,680
Licenses	35,151	102,305	137,456
Liability insurance	360,169	40,394	400,563
Printing and publications	6,770	385	7,155
Postage	5,803	839	6,642
Office supplies	25,553	10,244	35,797
Professional development	5,161	12,063	17,224
Advertising	2,225	-	2,225
Public relations and awareness	212,842	55	212,897
Dues and subscriptions	52,147	11,451	63,598
Staff recruiting	910	71,364	72,274
Staff travel	149,175	7,105	156,280
Staff cell phones	81,547	5,374	86,921
Vehicle expenses	6,499	191	6,690
Other expenses	-	6,073	6,073
Total operating expenses	<u>2,822,651</u>	<u>469,931</u>	<u>3,292,582</u>
Contract services			
Miscellaneous contract services	127,866	-	127,866
Recruiting and licensing	28,802	-	28,802
Contract professional services	441,870	-	441,870
Client training services	14,315	-	14,315
Other client services and awards	830,965	-	830,965
Direct client services	747,738	-	747,738
Provider services- direct support (FSFN)	36,132,986	-	36,132,986
Provider services- subrecipients (CMO's)	16,967,649	-	16,967,649
Total contract services	<u>55,292,191</u>	<u>-</u>	<u>55,292,191</u>
TOTAL EXPENSES	<u>\$ 68,506,789</u>	<u>\$ 2,191,011</u>	<u>\$ 70,697,800</u>

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

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Program Services</u> <u>Child Welfare</u> <u>Services</u>	<u>Supporting Services</u> <u>General &</u> <u>Administrative</u>	<u>Total</u>
Salaries and related expenses			
Salaries	\$ 7,642,809	\$ 1,105,150	\$ 8,747,959
Payroll taxes and benefits	2,134,268	250,404	2,384,672
Temporary staffing	42,735	2,974	45,709
Total salaries and related expenses	<u>9,819,812</u>	<u>1,358,528</u>	<u>11,178,340</u>
Occupancy			
Rent	619,184	101,588	720,772
Office space services	140,892	12,801	153,693
Telephone and data lines	215,208	29,055	244,263
Repairs and maintenance	4,060	-	4,060
Office equipment	66,743	12,780	79,523
Depreciation	71,921	25,412	97,333
Total occupancy	<u>1,118,008</u>	<u>181,636</u>	<u>1,299,644</u>
Operating expenses			
Professional services	1,086,544	195,899	1,282,443
Contributed non-financial expenses	1,070,777	-	1,070,777
Licenses	20,811	110,054	130,865
Liability insurance	337,104	44,270	381,374
Printing and publications	7,846	152	7,998
Postage	8,181	509	8,690
Office supplies	17,825	9,884	27,709
Professional development	2,436	4,211	6,647
Advertising	13,319	-	13,319
Public relations and awareness	303,619	-	303,619
Dues and subscriptions	27,555	11,146	38,701
Staff recruiting	1,285	27,481	28,766
Staff travel	105,737	1,803	107,540
Staff cell phones	72,961	5,660	78,621
Vehicle expenses	3,321	1,142	4,463
Other expenses	322,776	233,010	555,786
Total operating expenses	<u>3,402,097</u>	<u>645,221</u>	<u>4,047,318</u>
Contract services			
Miscellaneous contract services	171,326	-	171,326
Recruiting and licensing	39,615	-	39,615
Contract professional services	711,506	126,703	838,209
Client training services	7,098	-	7,098
Other client services and awards	435,448	-	435,448
Direct client assistance	699,823	-	699,823
Provider services- direct support (FSFN)	32,712,501	-	32,712,501
Provider services- subrecipients (CMO's)	16,536,975	-	16,536,975
Total contract services	<u>51,314,292</u>	<u>126,703</u>	<u>51,440,995</u>
TOTAL EXPENSES	<u><u>\$ 65,654,209</u></u>	<u><u>\$ 2,312,088</u></u>	<u><u>\$ 67,966,297</u></u>

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

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Change in net assets	\$ (87,265)	\$ 1,101,216
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	105,594	97,333
Unrealized and Realized (gain) loss on investments	236,936	(121,266)
Gain of forgiveness of PPP loan	-	(1,522,400)
Changes in operating assets and liabilities:		
Accounts receivable	(1,921,300)	(260,521)
Prepaid expenses	50,654	353,046
Accounts payable and accrued expenses	2,152,989	71,791
Deferred revenue	(548,451)	(756,050)
Due to clients	(116,359)	62,508
	<u>(127,202)</u>	<u>(974,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(470,306)	(881,082)
Proceeds from sale of investments	565,989	856,659
Acquisition of property and equipment	(63,387)	(93,658)
	<u>32,296</u>	<u>(118,081)</u>
Cash (used in) provided by investing activities		
Decrease in cash and cash equivalents	(94,906)	(1,092,424)
Cash and cash equivalents, and restricted cash, beginning of year (Note 2-16)	<u>4,707,881</u>	<u>5,800,305</u>
Cash and cash equivalents, and restricted cash, end of year (Note 2-16)	<u>\$ 4,612,975</u>	<u>\$ 4,707,881</u>

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

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 1 – ORGANIZATION AND OPERATIONS

Family Support Services of North Florida, Inc. (FSSNF) is a private not-for-profit corporation incorporated under the laws of the State of Florida on May 15, 2001. FSSNF acts as lead agency in providing protective services for children and their families in the North Florida area.

Family Support Services, Inc. was incorporated on April 21, 2010 exclusively organized for the benefit of, to perform the functions of, or to carry out purposes of Family Support Services of North Florida, Inc. or other substantially similar institutions. The name of this corporation was changed to FSS Foundation, Inc. effective February 18, 2019.

The consolidated financial statements include the accounts of Family Support Services of North Florida, Inc. and related entity FSS Foundation, Inc. and will be collectively referred to as the Organization. All significant intercompany transactions were eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

2. Use of Estimates

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes there in, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of depreciable assets, fair value measurements of investments, accrual of compensated absences, and the allocation of functional expenses.

3. Cash and Cash Equivalents

Cash and cash equivalents includes cash and all highly liquid investments with an original maturity of 90 days or less. Restricted cash is included with cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4. Cash and Cash Equivalents, Restricted

The Organization receives client social security benefits from the Social Security Administration and administers the benefits to their clients. As such, these funds are restricted and not available for operations.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Accounts Receivable

Accounts receivable consist primarily of grant revenues earned but not received and 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 experience, third-party contracts, and other circumstances, which may affect the ability of grantors 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. Management considers all receivables to be fully collectible; therefore no allowance has been made.

6. Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Consolidated Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

7. Non-Controlling Partnership Interest

Non-controlling partnership interest consists of the Organization's investment in a 33.33% ownership interest in Community Based Care Innovative Technologies, LLC ("CBCIT"). CBC of Central Florida – Holdings, Inc. and Five Points Technology Group, Inc. each hold a 33.33% ownership interest in CBCIT as well. Investment in unconsolidated subsidiaries and other investees in which the Organization does not have control but has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method of accounting. The equity method investment is shown in the Organization's consolidated statement of financial position as "Non-controlling partnership interest", and the Organization's share of earnings or losses from this investment is shown in the accompanying consolidated statement of activities as "Investment Income."

Equity method investments are initially recognized at cost which is the same as the price paid to acquire the holding in the investee. Under the equity method, the carrying amount of the equity affiliate is adjusted annually by the percentage of any change in its equity corresponding to the Organization's percentage interest in these equity affiliates. The carrying costs of these investments are also increased or decreased to reflect additional contributions or withdrawals of capital. Any difference in the book equity and the Organization's pro-rata share of the net assets of the investment will be reported as gain or loss at the time of the liquidation of the investment. It is the Organization's policy to record losses in excess of the investment if the Organization is committed to provide financial support to the investee.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Non-Controlling Partnership Interest (continued)

During the year ended June 30, 2021, CBCIT recognized total loss in the amount of \$2,556, of which \$852, represented the Organization's proportionate share which was recognized as a loss and included in "Investment Income" in the Consolidated Statement of Activities.

During the year ended June 30, 2022 the Organization elected to exit the partnership with CBCIT. The fair market value at the exit date was \$125,000, as such the Organization recorded a loss of \$69,767, which has been included in "Investment Income" in the Consolidated Statement of Activities.

8. Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expenses as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

9. Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue Recognition

Program services fees are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of the products had occurred, the sales price was fixed or determinable and collectively was reasonably assured. For the years ended June 30, 2022 and 2021, the Organization had no program service fee revenues.

A significant portion of the Organization's grants and contracts are from government agencies. These benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

11. Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentage of time spent in each functional area. Rent and utilities are allocated based on square footage and insurance and equipment leases are allocated based on the number of full-time equivalent positions. Depreciation is allocated based on specific department or program that utilizes the equipment. Office equipment, office supplies, general postage and printing, certain professional fees and information technology are allocated based on a fixed percentage.

12. Advertising

The Organization used advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising costs totaled \$2,225 and \$13,319, respectively.

13. Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, both Family Support Services of North Florida, inc. and FSS Foundation, Inc. are exempt from tax on income other than unrelated business income. No unrelated business income has been identified.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Income Taxes (continued)

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest, penalties, accounting in interim periods, disclosure and transition. As of June 30, 2022 and 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

14. Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

15. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 13, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

16. Statement of Cash Flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$4,612,975 includes cash and cash equivalents of \$4,308,272 and restricted cash of \$304,703. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$4,707,881 includes cash and cash equivalents of \$4,194,001 and restricted cash of \$513,880.

17. Recent Accounting Pronouncements

Implemented:

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Organization's financial statements.

To be Implemented:

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 3 – FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents, accounts receivable, and investments to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

	2022	2021
Total assets at year end	\$ 9,315,344	7,914,430
Less non-financial assets		
Prepaid expenses	(139,749)	(190,403)
Cash and cash equivalents, restricted	(304,703)	(513,880)
Non-controlling partnership interest	-	(194,766)
Property and equipment, net	(374,917)	(417,124)
Other assets	(151,613)	(151,613)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,344,362	\$ 6,446,644

In the event of unanticipated liquidity needs, the Organization has an unused line of credit with available borrowings of \$4,500,000.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2022	2021
Grants receivable	\$ 1,867,403	\$ 685,456
Other receivables	991,061	612,347
FSS of Suncoast	363,119	-
Trade	10,732	13,212
Accounts Receivable, net	\$ 3,232,315	\$ 1,311,015

There was no bad debt expense for both June 30, 2022 and 2021.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 5 – INVESTMENTS IN MARKETABLE SECURITIES

Investment in marketable securities consist of the following:

<u>June 30, 2022</u>	<u>Cost</u>	<u>Value</u>
Mutual and money market funds	\$ 484,591	\$ 444,401
Other receivables	390,317	359,374
Total investments in marketable securities	<u>\$ 874,908</u>	<u>\$ 803,775</u>

<u>June 30, 2021</u>	<u>Cost</u>	<u>Value</u>
Mutual and money market funds	\$ 405,565	\$ 502,275
Other receivables	448,500	439,353
Total investments in marketable securities	<u>\$ 854,065</u>	<u>\$ 941,628</u>

The Organization's investment income is summarized as follows:

<u>Year ended June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 34,621	\$ -	\$ 34,621
Net realized and unrealized losses	(236,936)	-	(236,936)
Investment fees	(5,000)	-	(5,000)
Investment loss, net	<u>\$ (207,315)</u>	<u>\$ -</u>	<u>\$ (207,315)</u>

<u>Year ended June 30, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividend income	\$ 31,276	\$ -	\$ 31,276
Net realized and unrealized gains	121,266	-	121,266
Investment fees	(5,231)	-	(5,231)
Investment income, net	<u>\$ 147,311</u>	<u>\$ -</u>	<u>\$ 147,311</u>

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 6 – PROPERTY AND EQUIPMENT

Components of property and equipment at June 30, 2022 and 2021, are as follows:

	Estimated Useful Lives (in years)	2022	2021
Computer equipment	3-5	\$ 1,263,616	\$ 1,200,231
Furniture and equipment	3-5	395,368	395,368
Vehicles	5	160,935	160,935
		1,819,919	1,756,534
Less accumulated depreciation		(1,445,002)	(1,339,410)
Total property and equipment, net		<u>\$ 374,917</u>	<u>\$ 417,124</u>

Depreciation expense was \$105,594 and \$97,333 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 – LINE OF CREDIT

The Organization maintains a \$4,500,000 Line of Credit (LOC) with a financial institution which bears interest at LIBOR plus 250 basis points with a maturity date of February 28, 2023. The line is collateralized by all accounts receivable. The LOC was unused at June 30, 2022 and 2021.

NOTE 8 – NET ASSETS

A summary of net assets with donor restrictions is as follows:

	2022	2021
Purpose restricted		
Foster care programs	\$ 34,569	\$ -
Independent living programs	7,212	42,072
Adoption programs	700	1,018
Legal lessons	405	405
Nassau programs	35,541	35,302
Children and other programs	5,008	3,521
Iris Young award program	2,500	10,500
Total net assets with purpose restrictions	<u>\$ 85,935</u>	<u>\$ 92,818</u>

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 8 – NET ASSETS (continued)

A summary of the releases of donor restrictions follows:

	2022	2021
Purpose restricted		
Foster care programs	\$ 36,217	\$ 51,308
Independent living programs	35,618	11,972
Adoption programs	420	-
Nassau programs	15,710	12,285
Children and other programs	5,379	7,725
Iris Young award program	8,000	-
Total releases of net assets with donor restrictions	\$ 101,344	\$ 83,290

NOTE 9 – REVENUE

The Organization is recognizing revenue at a point in time for its program service fee revenue. There are no outstanding performance obligations to be satisfied at June 30, 2022 and 2021. There is no program service fee revenue for the years ended June 30, 2022 and 2021.

Disaggregated Revenue

100% of the Organization's revenue for June 30, 2022 and 2021 is from non-exchange transactions through grants and contracts with government agencies.

The Organization's customers are primarily the general public located in the north-eastern Florida portion of the United States and government agencies.

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

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

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - Observable; or
 - Can be corroborated by observable market data

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value management.

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

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 June 30, 2022 and 2021.

Mutual funds: Valued at the daily closing price reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This included basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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 assumption to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended June 30, 2022 and 2021:

June 30, 2022	Level 1	Level 2	Level 3	Total
Mutual and money market funds	\$ 444,401	\$ -	\$ -	\$ 444,401
Corporate bonds	-	359,374	-	359,374
Total investments at fair value	<u>\$ 444,401</u>	<u>\$ 359,374</u>	<u>\$ -</u>	<u>\$ 803,775</u>
June 30, 2021	Level 1	Level 2	Level 3	Total
Mutual and money market funds	\$ 502,275	\$ -	\$ -	\$ 502,275
Corporate bonds	-	439,353	-	439,353
Total investments at fair value	<u>\$ 502,275</u>	<u>\$ 439,353</u>	<u>\$ -</u>	<u>\$ 941,628</u>

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 10 – FAIR VALUE MEASUREMENTS (continued)

Changes in Fair Value Levels

The availability of observable market data is monitored access the appropriate classification of financial instruments with the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. There were no transfers between Level 1, 2, or 3 during the years ended June 30, 2022 or 2021.

NOTE 11 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with financial institutions in excess of the FDIC limit of \$250,000 by \$4,278,200 and \$4,129,825 at June 30, 2022 and 2021, respectively.

The Organization receives a substantial amount of support from federal, state, and local government agencies. A reduction in the level of future support from the state or local government agencies could have substantial effect on the Organization's programs and activities.

The Organization's credit risk is inherent principally in its investments. Adverse economic conditions either domestically or internationally may result in a reduction of the investments' carrying amount. Market risk of the Organization's investment portfolio is monitored through ongoing review of asset allocations and evaluations by independent investment advisors.

NOTE 12 – COMMITMENTS

Operating Leases

The Organization leases office space at various locations for administrative staffing, as well as locations related to program services. Also leased is certain equipment under non-cancelable operating leases expiring in various years through 2022. Lease expense under these leases was \$692,039 and \$806,733 for the years ended June 30, 2022 and 2021, respectively.

The office space lease at 1300 Riverplace Boulevard expires June 30, 2023 with a one-time renewal option for an additional five years if in good standing, extending the lease expiration to June 30, 2028.

The Organization has a long-term operating lease agreement with an entity to occupy space in its offices. Rents collect for the fiscal year ended were \$39,767.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 12 – COMMITMENTS (continued)

Future minimum lease payments required under operating leases with non-cancelable lease terms in excess of one year as of June 30, 2022 are as follows:

2023	<u>\$ 659,567</u>
Total minimum lease payments	<u><u>\$ 659,567</u></u>

Contingencies

Grants and contracts require the fulfillment of certain conditions set forth in the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the possibility remains, management deems the contingency remote as, by accepting awards and their terms, it has accommodated the objectives of the Organization to the provisions of the grant.

The Organization's contract with the State of Florida, Department of Children and Families (DCF) is approximately 96% and 93% of the Organization's total revenue for years ended June 30, 2022 and 2021.

On June 26, 2018, the Organization executed amendment #24 to the current contract DJ038 extending the service period through June 30, 2023.

The Organization, in the normal course of business, is subject to claims and litigation. Although the ultimate disposition of these legal matters cannot be predicted with certainty, it is the present opinion of the Organization's management that the outcome of the current litigation will not have material effect on the financial condition of the Organization.

NOTE 13 – DEFINED CONTRIBUTION PROGRAM

The Organization sponsors a defined contribution plan (the Plan) covering substantially all employees. The Organization makes a contribution to the Plan each year equal to 3% of each participants' compensation. Total expense for the years ended June 30, 2022 and 2021 was \$248,869 and \$254,981, respectively.

NOTE 14 – PAYCHECK PROTECTION PROGRAM

In April 2020, in response to the global pandemic, the Organization applied for and received a \$1,522,400 loan through the Paycheck Protection Program (PPP) under the CARES Act. The Organization applied for forgiveness of \$1,522,400 of the debt. On November 12, 2020 the Organization received notice that the \$1,522,400 and related interest had been forgiven. This amount is presented in the consolidated statement of activities as forgiveness of PPP loan for the year ended June 30, 2021.

**FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

JUNE 30, 2022

NOTE 15 – CONTRIBUTED NON-FINANCIAL ASSETS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have to be purchased by the Organization. Volunteers also provide many program related services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated facilities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated supplies are recorded at their fair market values on the date of receipt by the Organization. A corresponding amount is recorded as expense.

For the years ended June 30, contributed non-financial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Services	\$ 604,536	767,910
Rent	97,000	258,754
Supplies	<u>69,144</u>	<u>44,113</u>
Total contributed non-financial assets	<u>\$ 770,680</u>	<u>\$ 1,070,777</u>

NOTE 16 – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global pandemic situation.

NOTE 17 – SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2022 through December 13, 2022, the date the Organization’s financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,255,764	\$ 52,508	\$ -	\$ 4,308,272
Accounts receivable, net	3,232,315	-	-	3,232,315
Investments in marketable securities	-	803,775	-	803,775
Prepaid expenses	139,749	-	-	139,749
TOTAL CURRENT ASSETS	7,627,828	856,283	-	8,484,111
NON-CURRENT ASSETS				
Cash and cash equivalents, restricted	304,703	-	-	304,703
Property and equipment, net	374,917	-	-	374,917
Other assets	151,613	-	-	151,613
TOTAL NON-CURRENT ASSETS	831,233	-	-	831,233
TOTAL ASSETS	\$ 8,459,061	\$ 856,283	\$ -	\$ 9,315,344
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 5,115,436	\$ -	\$ -	\$ 5,115,436
Refundable advances	525,949	-	-	525,949
Due to clients	304,703	-	-	304,703
TOTAL CURRENT LIABILITIES	5,946,088	-	-	5,946,088
NET ASSETS				
Without donor restrictions	2,429,538	853,783	-	3,283,321
With donor restrictions	83,435	2,500	-	85,935
TOTAL NET ASSETS	2,512,973	856,283	-	3,369,256
TOTAL LIABILITIES AND NET ASSETS	\$ 8,459,061	\$ 856,283	\$ -	\$ 9,315,344

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,127,045	\$ 66,956	\$ -	\$ 4,194,001
Accounts receivable, net	1,311,015	-	-	1,311,015
Investments in marketable securities	-	941,628	-	941,628
Prepaid expenses	190,403	-	-	190,403
TOTAL CURRENT ASSETS	5,628,463	1,008,584	-	6,637,047
NON-CURRENT ASSETS				
Cash and cash equivalents, restricted	503,380	10,500	-	513,880
Non-controlling partnership interest	-	194,766	-	194,766
Property and equipment, net	417,124	-	-	417,124
Other assets	151,613	-	-	151,613
TOTAL NON-CURRENT ASSETS	1,072,117	205,266	-	1,277,383
TOTAL ASSETS	\$ 6,700,580	\$ 1,213,850	\$ -	\$ 7,914,430
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 2,837,447	\$ 125,000	\$ -	\$ 2,962,447
Refundable advances	1,074,400	-	-	1,074,400
Due to clients	421,062	-	-	421,062
TOTAL CURRENT LIABILITIES	4,332,909	125,000	-	4,457,909
NET ASSETS				
Without donor restrictions	2,285,353	1,078,350	-	3,363,703
With donor restrictions	82,318	10,500	-	92,818
TOTAL NET ASSETS	2,367,671	1,088,850	-	3,456,521
TOTAL LIABILITIES AND NET ASSETS	\$ 6,700,580	\$ 1,213,850	\$ -	\$ 7,914,430

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions				With Donor Restrictions			Consolidated Total
	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Eliminations	Total	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Total	
Public Support								
State and federal support	\$ 68,624,679	\$ -	\$ -	\$ 68,624,679	\$ -	\$ -	\$ -	\$ 68,624,679
Local support	1,144,008	-	-	1,144,008	94,461	-	94,461	1,238,469
Total public support	69,768,687	-	-	69,768,687	94,461	-	94,461	69,863,148
Revenues								
Contributed non-financial assets	770,680	-	-	770,680	-	-	-	770,680
Investment income (loss)	235	(207,550)	-	(207,315)	-	-	-	(207,315)
Other income	192,966	-	(8,944)	184,022	-	-	-	184,022
Total support and revenues before net assets released from restrictions	70,732,568	(207,550)	(8,944)	70,516,074	94,461	-	94,461	70,610,535
Net assets released from restrictions - satisfaction of purpose restrictions	93,344	8,000	-	101,344	(93,344)	(8,000)	(101,344)	-
Total revenues and other support	70,825,912	(199,550)	(8,944)	70,617,418	1,117	(8,000)	(6,883)	70,610,535
EXPENSES								
Program services								
Child welfare services	68,496,789	10,000	-	68,506,789	-	-	-	68,506,789
Total program services	68,496,789	10,000	-	68,506,789	-	-	-	68,506,789
Supporting services								
General and administrative	2,184,938	15,017	(8,944)	2,191,011	-	-	-	2,191,011
Total supporting services	2,184,938	15,017	(8,944)	2,191,011	-	-	-	2,191,011
Total expenses	70,681,727	25,017	(8,944)	70,697,800	-	-	-	70,697,800
Change in net assets	144,185	(224,567)	-	(80,382)	1,117	(8,000)	(6,883)	(87,265)
NET ASSETS, BEGINNING OF YEAR	2,285,353	1,078,350	-	3,363,703	82,318	10,500	92,818	3,456,521
NET ASSETS, END OF YEAR	\$ 2,429,538	\$ 853,783	\$ -	\$ 3,283,321	\$ 83,435	\$ 2,500	\$ 85,935	\$ 3,369,256

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions				With Donor Restrictions			Consolidated Total
	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Eliminations	Total	Family Support Services of North Florida, Inc.	FSS Foundation, Inc.	Total	
Public Support								
State and federal support	\$ 64,976,152	\$ -	\$ -	\$ 64,976,152	\$ -	\$ -	\$ -	\$ 64,976,152
Local support	1,170,405	100,150	(100,235)	1,170,320	64,096	-	64,096	1,234,416
Total public support	66,146,557	100,150	(100,235)	66,146,472	64,096	-	64,096	66,210,568
Revenues								
Contributed non-financial assets	1,070,777	-	-	1,070,777	-	-	-	1,070,777
Investment income, net	1,394	145,917	-	147,311	-	-	-	147,311
Gain on forgiveness of PPP loan	1,522,400	-	-	1,522,400	-	-	-	1,522,400
Other income	116,457	-	-	116,457	-	-	-	116,457
Total support and revenues before net assets released from restrictions	68,857,585	246,067	(100,235)	69,003,417	64,096	-	64,096	69,067,513
Net assets released from restrictions - satisfaction of purpose restrictions	83,290	-	-	83,290	(83,290)	-	(83,290)	-
Total revenues and other support	68,940,875	246,067	(100,235)	69,086,707	(19,194)	-	(19,194)	69,067,513
EXPENSES								
Program services								
Child welfare services	65,754,209	235	(100,235)	65,654,209	-	-	-	65,654,209
Total program services	65,754,209	235	(100,235)	65,654,209	-	-	-	65,654,209
Supporting services								
General and administrative	2,123,870	188,218	-	2,312,088	-	-	-	2,312,088
Total supporting services	2,123,870	188,218	-	2,312,088	-	-	-	2,312,088
Total expenses	67,878,079	188,453	(100,235)	67,966,297	-	-	-	67,966,297
Change in net assets	1,062,796	57,614	-	1,120,410	(19,194)	-	(19,194)	1,101,216
NET ASSETS, BEGINNING OF YEAR	1,222,557	1,020,736	-	2,243,293	101,512	10,500	112,012	2,355,305
NET ASSETS, END OF YEAR	<u>\$ 2,285,353</u>	<u>\$ 1,078,350</u>	<u>\$ -</u>	<u>\$ 3,363,703</u>	<u>\$ 82,318</u>	<u>\$ 10,500</u>	<u>\$ 92,818</u>	<u>\$ 3,456,521</u>

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services				Total
	Family Support Services of North Florida, Inc.	FSS Foundations, Inc.	Eliminations	Program Services Total	Family Support Services of North Florida, Inc.	FSS Foundations, Inc.	Eliminations	Supporting Services Total	
Salaries and related expenses									
Salaries	\$ 7,264,635	\$ -	\$ -	\$ 7,264,635	\$ 1,124,011	\$ -	\$ -	\$ 1,124,011	\$ 8,388,646
Payroll taxes and benefits	2,047,928	-	-	2,047,928	327,857	-	-	327,857	2,375,785
Total salaries and related expenses	9,312,563	-	-	9,312,563	1,451,868	-	-	1,451,868	10,764,431
Occupancy									
Rent	601,681	-	-	601,681	90,358	-	-	90,358	692,039
Office space services	130,016	-	-	130,016	9,224	-	-	9,224	139,240
Telephone and data lines	166,486	-	-	166,486	18,042	-	-	18,042	184,528
Repairs and maintenance	7,349	-	-	7,349	202	-	-	202	7,551
Office equipment	68,318	-	-	68,318	151,326	-	-	151,326	219,644
Depreciation	105,534	-	-	105,534	60	-	-	60	105,594
Total occupancy	1,079,384	-	-	1,079,384	269,212	-	-	269,212	1,348,596
Operating expenses									
Professional services	1,108,019	-	-	1,108,019	202,088	-	-	202,088	1,310,107
Contributed non-financial expenses	770,680	-	-	770,680	-	-	-	-	770,680
Licenses	25,151	10,000	-	35,151	102,305	8,944	(8,944)	102,305	137,456
Liability insurance	360,169	-	-	360,169	40,394	-	-	40,394	400,563
Printing and publications	6,770	-	-	6,770	385	-	-	385	7,155
Postage	5,803	-	-	5,803	839	-	-	839	6,642
Office supplies	25,553	-	-	25,553	10,244	-	-	10,244	35,797
Professional development	5,161	-	-	5,161	12,063	-	-	12,063	17,224
Advertising	2,225	-	-	2,225	-	-	-	-	2,225
Public relations and awareness	212,842	-	-	212,842	55	-	-	55	212,897
Dues and subscriptions	52,147	-	-	52,147	11,451	-	-	11,451	63,598
Staff recruiting	910	-	-	910	71,364	-	-	71,364	72,274
Staff travel	149,175	-	-	149,175	7,105	-	-	7,105	156,280
Staff cell phones	81,547	-	-	81,547	5,374	-	-	5,374	86,921
Vehicle expenses	6,499	-	-	6,499	191	-	-	191	6,690
Other expenses	-	-	-	-	-	6,073	-	6,073	6,073
Total operating expenses	2,812,651	10,000	-	2,822,651	463,858	15,017	(8,944)	469,931	3,292,582
Contract services									
Miscellaneous contract services	127,866	-	-	127,866	-	-	-	-	127,866
Recruiting and licensing	28,802	-	-	28,802	-	-	-	-	28,802
Contract professional services	441,870	-	-	441,870	-	-	-	-	441,870
Client training services	14,315	-	-	14,315	-	-	-	-	14,315
Other client services and awards	830,965	-	-	830,965	-	-	-	-	830,965
Direct client assistance	747,738	-	-	747,738	-	-	-	-	747,738
Provider services- direct support (FSFN)	36,132,986	-	-	36,132,986	-	-	-	-	36,132,986
Provider services- subrecipients (CMO's)	16,967,649	-	-	16,967,649	-	-	-	-	16,967,649
Total contract services	55,292,191	-	-	55,292,191	-	-	-	-	55,292,191
TOTAL EXPENSES	\$ 68,496,789	\$ 10,000	\$ -	\$ 68,506,789	\$ 2,184,938	\$ 15,017	\$ (8,944)	\$ 2,191,011	\$ 70,697,800

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE**

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services					Total
	Family Support Services of North Florida, Inc.	FSS Foundations, Inc.	Eliminations	Program Services Total	Family Support Services of North Florida, Inc.	FSS Foundations, Inc.	Eliminations	Supporting Services Total	
Salaries and related expenses									
Salaries	\$ 7,642,809	\$ -	\$ -	\$ 7,642,809	\$ 1,105,150	\$ -	\$ -	\$ 1,105,150	\$ 8,747,959
Payroll taxes and benefits	2,134,268	-	-	2,134,268	250,404	-	-	250,404	2,384,672
Temporary staffing	42,735	-	-	42,735	2,974	-	-	2,974	45,709
Total salaries and related expenses	<u>9,819,812</u>	<u>-</u>	<u>-</u>	<u>9,819,812</u>	<u>1,358,528</u>	<u>-</u>	<u>-</u>	<u>1,358,528</u>	<u>11,178,340</u>
Occupancy									
Rent	619,184	-	-	619,184	101,588	-	-	101,588	720,772
Office space services	140,892	-	-	140,892	12,801	-	-	12,801	153,693
Telephone and data lines	215,208	-	-	215,208	29,055	-	-	29,055	244,263
Repairs and maintenance	4,060	-	-	4,060	-	-	-	-	4,060
Office equipment	66,743	-	-	66,743	12,780	-	-	12,780	79,523
Depreciation	71,921	-	-	71,921	25,412	-	-	25,412	97,333
Total occupancy	<u>1,118,008</u>	<u>-</u>	<u>-</u>	<u>1,118,008</u>	<u>181,636</u>	<u>-</u>	<u>-</u>	<u>181,636</u>	<u>1,299,644</u>
Operating expenses									
Professional services	1,086,544	-	-	1,086,544	195,899	-	-	195,899	1,282,443
Contributed non-financial expenses	1,070,777	-	-	1,070,777	-	-	-	-	1,070,777
Licenses	20,811	-	-	20,811	99,158	10,896	-	110,054	130,865
Liability insurance	337,104	-	-	337,104	44,270	-	-	44,270	381,374
Printing and publications	7,846	-	-	7,846	152	-	-	152	7,998
Postage	8,181	-	-	8,181	509	-	-	509	8,690
Office supplies	17,825	-	-	17,825	9,884	-	-	9,884	27,709
Professional development	2,436	-	-	2,436	4,211	-	-	4,211	6,647
Advertising	13,319	-	-	13,319	-	-	-	-	13,319
Public relations and awareness	303,619	-	-	303,619	-	-	-	-	303,619
Dues and subscriptions	27,555	-	-	27,555	11,146	-	-	11,146	38,701
Staff recruiting	1,285	-	-	1,285	27,481	-	-	27,481	28,766
Staff travel	105,737	-	-	105,737	1,803	-	-	1,803	107,540
Staff cell phones	72,961	-	-	72,961	5,660	-	-	5,660	78,621
Vehicle expenses	3,321	-	-	3,321	1,142	-	-	1,142	4,463
Other expenses	422,776	-	(100,000)	322,776	55,688	177,322	-	233,010	555,786
Total operating expenses	<u>3,502,097</u>	<u>-</u>	<u>(100,000)</u>	<u>3,402,097</u>	<u>457,003</u>	<u>188,218</u>	<u>-</u>	<u>645,221</u>	<u>4,047,318</u>
Contract services									
Miscellaneous contract services	171,326	-	-	171,326	-	-	-	-	171,326
Recruiting and licensing	39,615	-	-	39,615	-	-	-	-	39,615
Contract professional services	711,506	-	-	711,506	126,703	-	-	126,703	838,209
Client training services	7,098	-	-	7,098	-	-	-	-	7,098
Other client services and awards	435,448	235	(235)	435,448	-	-	-	-	435,448
Direct client assistance	699,823	-	-	699,823	-	-	-	-	699,823
Provider services- direct support (FSFN)	32,712,501	-	-	32,712,501	-	-	-	-	32,712,501
Provider services- subrecipients (CMO's)	16,536,975	-	-	16,536,975	-	-	-	-	16,536,975
Total contract services	<u>51,314,292</u>	<u>235</u>	<u>(235)</u>	<u>51,314,292</u>	<u>126,703</u>	<u>-</u>	<u>-</u>	<u>126,703</u>	<u>51,440,995</u>
TOTAL EXPENSES	<u>\$ 65,754,209</u>	<u>\$ 235</u>	<u>\$ (100,235)</u>	<u>\$ 65,654,209</u>	<u>\$ 2,123,870</u>	<u>\$ 188,218</u>	<u>\$ -</u>	<u>\$ 2,312,088</u>	<u>\$ 67,966,297</u>

See independent auditor's report.

**FAMILY SUPPORT SERVICES OF NORTH
FLORIDA, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022**

Federal/State Agency, Pass-Through Entity, State Project	ALN/ CSFA Number	Grantor's Contract Number	Passed-Through to Subrecipients	Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Pass-through program from:				
State of Florida, Department of Children and Families:				
Promoting Safe and Stable Families	93.556	DJ038	\$ 1,203,467	\$ 3,523,243
Medicaid Cluster				
Medical Assistance Program	93.778	DJ038	-	242,092
Medical Assistance Program	93.778	EJ003	-	843
Total Medical Cluster			<u>-</u>	<u>242,935</u>
Temporary Assistance for Needy Families Block Grant	93.558	DJ038	1,192,908	3,259,480
Temporary Assistance for Needy Families Block Grant	93.558	EJ003	-	184,114
Total for Temporary Assistance for Needy Families Block Grant			<u>1,192,908</u>	<u>3,443,594</u>
Guardianship Assistance	93.090	DJ038	-	26,767
Chafee Education and Training Vouchers Program	93.599	DJ038	-	49,423
Child Welfare Services-State Grants	93.645	DJ038	658,522	1,194,689
Foster Care Title IV-E	93.658	DJ038	2,135,928	9,400,201
Foster Care Title IV-E	93.658	EJ003	-	177,130
Total for Foster Care Title IV-E			<u>2,135,928</u>	<u>9,577,331</u>
Adoption Assistance	93.659	DJ038	283,984	12,402,227
Social Services Block Grant	93.667	DJ038	-	4,487,867
Social Services Block Grant	93.667	EJ003	-	53,013
Total for Social Services Block Grant			<u>-</u>	<u>4,540,880</u>
Child Abuse and Neglect State Grants	93.669	DJ038	203,046	203,046
Chaffee Foster Care for Successful Transition to Adulthood	93.674	DJ038	-	133,911
Adoption Incentive Payments	93.603	DJ038	-	451,920
Pass-through program from:				
Childrens Bureau				
Enhance Safety of Children Affected by Substance Abuse	93.087	90CU009-01-00	-	587,261
Total U.S. Department of Health and Human Services			<u>5,677,855</u>	<u>36,377,227</u>
U.S. Department of Justice				
Pass-through program from:				
Office for Victims of Crime				
Crime Victim Assistance/ Discretionary Grants	16.582	2019-V3-GX-0034	-	191,028
Total U.S. Department of Justice			<u>-</u>	<u>191,028</u>
Total Expenditures of Federal Awards			<u>\$ 5,677,855</u>	<u>\$ 36,568,255</u>
State of Florida, Department of Children and Families				
Direct program:				
Out-of-Home Supports	60.074	DJ038	\$ 1,444,068	\$ 3,018,880
The Independent Living and Road-to-Independence Program	60.112	DJ038	-	122,779
CBC-Sexually Exploited Children	60.138	DJ038	-	301,927
CBC-Purchase of Therapeutic Services for Children	60.183	DJ038	171,646	518,828
Kinship Navigator Program	60.207	DJ038	-	744,678
Extended Foster Care Program	60.141	DJ038	-	480,399
CBC-Adoption Services	60.076	DJ038	5,978	203,199
Family Finders Program	60.206	DJ038	-	73,313
Guardianship Assistance Program	60.210	DJ038	-	5,736
Services to at Risk Youth	60.172	DJZ06	-	246,010
Total Expenditures of State Financial Assistance			<u>\$ 1,621,692</u>	<u>\$ 5,715,749</u>
STATE MATCHING OF FEDERAL AWARDS				
Department of Children and Families				
Guardianship Assistance	93.090	DJ038	\$ -	\$ 11,928
Promoting Safe and Stable Families	93.556	DJ038	13,919	25,252
Chafee Education and Training Vouchers Program	93.599	DJ038	-	4,837
Child Welfare Services-State Grants	93.645	DJ038	219,507	398,230
Adoption Assistance	93.659	DJ038	283,984	6,853,293
Chaffee Foster Care for Successful Transition to Adulthood	93.674	DJ038	-	103,326
Medical Assistance Program	93.778	DJ038	-	242,092
Medical Assistance Program	94.778	EJ003	-	843
Temporary Assistance for Needy Families Block Grant	93.558	DJ038	3,260,394	3,433,982
Temporary Assistance for Needy Families Block Grant	94.558	EJ003	-	110,629
Foster Care Title IV-E	93.658	DJ038	2,135,929	6,962,748
Foster Care Title IV-E	94.658	EJ003	-	62,576
To be Tested Pursuant to OCA Activity	93.XXX	EJ003	-	172,052
To be Tested Pursuant to OCA Activity	93.XXX	DJ038	3,687,623	7,958,887
Total Expenditures of State Matching of Federal Awards			<u>\$ 9,601,356</u>	<u>\$ 26,340,675</u>
TOTAL FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS			<u>\$ 16,900,903</u>	<u>\$ 68,624,679</u>

See independent auditor's report.

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
POSITION
YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the schedule) includes the federal award and state grant activity of Family Support Services of North Florida, Inc. and Affiliate under programs of the federal and state government 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 Auditor General*. Because the schedule presents only a selected portion of the operations of Family Support Services of North Florida, Inc. and Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family Support Services of North Florida, Inc. and Affiliate.

NOTE 2 – BASIS OF ACCOUNTING

This Schedule was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the Organization's federal grants.

NOTE 3 – INDIRECT COST RATES

The Organization is not required to utilize the 10% de minimis indirect cost rate allowed under the Uniform Guidance and does not have a Federally Approved indirect cost rate. Allowable indirect general and administrative costs are allocated to programs, grants, contracts using a base that results in an equitable distribution. The Organization allocates rent expense to various departments based upon the square footage occupied by each Department as a percentage of the total space. Telephone and communication line charges are based upon which departmental FTEs are utilizing these services. Commercial insurance, office supplies, office equipment and similar expenses are charged to departments in proportion to their FTEs.

NOTE 4 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal, state and/or pass-through agencies and the Schedule may differ.

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
POSITION
YEAR ENDED JUNE 30, 2022

NOTE 4 – RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS
(continued)

Some of the factors that may account for any difference include the following:

- The Organization's fiscal year end may differ from the program's year end.
- Accruals recognized in the Schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the Organization's consolidated financial statements and as expenditures in the program financial reports and the Schedule.

NOTE 5 – FEDERAL AND STATE CARRY-FORWARD FUNDS

During the year the Organization utilized \$617,651 of carried forward revenues from the Department of Children and Families.

NOTE 6 – CONTINGENCIES

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization. As of June 30, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 7 – NONCASH ASSISTANCE

The Organization did not receive any federal noncash assistance for the fiscal year ended June 30, 2022.

NOTE 8 – LOANS AND LOAN GUARANTEES

The Organization did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended June 30, 2022.



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To the Board of Directors of
Family Support Services of North Florida, Inc. and Affiliate
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family Support Services of North Florida, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Family Support Services of North Florida, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Support Services of North Florida, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Support Services of North Florida, Inc. and Affiliate'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 Family Support Services of North Florida, Inc. and Affiliate's consolidated 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 consolidated 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 13, 2022



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Thomas F. Regan
Ernie R. Janvrin
Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

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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 STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Family Support Services of North Florida, Inc. and Affiliate
Jacksonville, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program

We have audited Family Support Services of North Florida, Inc. and Affiliate’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of Family Support Services of North Florida, Inc. and Affiliate’s major federal programs and state projects for the year ended June 30, 2022. Family Support Services of North Florida, Inc. and Affiliate’s major federal programs and state projects are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Support Services of North Florida, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, 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 Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Support Services of North Florida, Inc. and Affiliate 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 Family Support Services of North Florida, Inc. and Affiliate’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 Family Support Services of North Florida, Inc. and Affiliate's federal programs and state projects.

Auditor's Responsibilities of Management for 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 Family Support Services of North Florida, Inc. and Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 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 Family Support Services of North Florida, Inc. and Affiliate's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the 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 Family Support Services of North Florida, Inc. and Affiliate'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 Family Support Services of North Florida, Inc. and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of Family Support Services of North Florida, Inc. and Affiliate'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 13, 2022

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL PROGRAMS AND STATE PROJECTS

June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | None reported |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$1,097,048 |
| 5. Auditee qualified as low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Program</u>	<u>ALN Number</u>
Foster Care Title IV-E	93.658
Temporary Assistance for Needy Families Block Grant	93.558
Social Services Block Grant	93.667
Chaffee Foster Care for Successful Transition to Adulthood	93.674

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL PROGRAMS AND STATE PROJECTS

June 30, 2022

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Out-of-Home Supports	60.074

Section II – Financial Statement Findings

None (no financial statement findings required)

Section III – Federal Award and State Projects Findings and Questioned Costs

None

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL PROGRAMS AND STATE PROJECTS

June 30, 2022

Section IV – Status of Prior Year Audit Findings

Financial Statement

2021-002 Lack of Appropriate Evidence of Operation of Control

Criteria: Internal control should be designed and implemented to prevent, detect or correct errors to provide financial statements that are not materially misstated.

Condition: No evidence of operation of at least one control related to property and equipment, accounts receivable, investments, in-kind transactions, net assets and grants and deferred revenues.

Cause: Adequate evidence was not retained to support that control in various audit areas were properly designed and controlled.

Effect: Potential material misstatement in the audit areas where controls were not properly designed and implemented.

Recommendation: We recommend the Organization retain adequate evidence of the operation of controls in various audit areas to support the controls are properly designed and implemented.

Status: Resolved. The Organization has implemented controls associated with Operations controls and additional training for new staff has been completed.

State Project

2021-001 Correct Cost Charged to the Grant

State of Florida, Department of Children and Families

Out-of-Home Supports - CSFA#60.074

State Award Number: DJ038; Grant Year 7/1/2020 - 6/30/2021

Criteria: To meet the requirements of 215.97(j) of Florida Statutes, the entity must establish and maintain effective internal control over the State award that provides reasonable assurance that the entity is managing the State award in compliance with applicable laws and regulations. In accordance with the requirements of 215.97(xx) of Florida Statutes. 215.97(10) of Florida Statutes, allowable costs funded with State award compliance requirements.

Condition: An invoice for an allowable cost was input into the general ledger for an incorrect amount.

Cause: Control procedures in place related to recording expenses charged to the State award were not consistently applied to provide reasonable assurance that costs were accurately recorded under the State award.

FAMILY SUPPORT SERVICES OF NORTH FLORIDA, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL PROGRAMS AND STATE PROJECTS

June 30, 2022

Section IV – Status of Prior Year Audit Findings (continued)

State Project (continued)

2021-001 Correct Cost Charged to the Grant (continued)

State of Florida, Department of Children and Families

Out-of-Home Supports - CSFA#60.074

State Award Number: DJ038; Grant Year 7/1/2020 - 6/30/2021

Effect: The cost charged to the State award was recorded in the general ledger incorrectly.

Context: A sample of 40 items was selected for audit from a population of 5,113 transactions. Our testing determined for one transaction that the control did not prevent charging to the state award as an expense at an incorrect amount. Our sample was not statistically valid.

Questioned Costs: Questioned costs totaled \$3,770 that was in excess of the invoice amount. Projected likely questioned cost total \$185,603.

Recommendation: We recommend the Organization provide additional training to the newly transitioned accounting personnel on the process and controls around recording and processing invoices for State awards.

Status: Resolved. The Organization provided additional training on the process and controls around recording and processing invoices for State awards.