

REFUGE HOUSE, INC.
Tallahassee, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2022

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
GREGORY J. COCHRAN, C.P.A.
JOHN K. KIRK, C.P.A.

KELLY VAZQUEZ, C.P.A.
SAWYER SCHMOOKLER, C.P.A.

OF COUNSEL
HAROLD A. BROCK, JR. C.P.A.
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Refuge House, Inc.
Tallahassee, FL

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Refuge House, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Refuge House, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Refuge House, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Refuge House, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Refuge House, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 22, 2023, on our consideration of Refuge House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Refuge House, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Refuge House, Inc.'s internal control over financial reporting and compliance.

Thomson Block & Company

Tallahassee, Florida
March 22, 2023

REFUGUE HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	895,252
Grants receivable		415,089
Prepaid expenses		<u>19,037</u>
TOTAL CURRENT ASSETS		1,329,378

NON-CURRENT ASSETS

Property and equipment, net		2,897,385
Other assets		<u>5,202</u>
		<u>2,902,587</u>

\$ 4,231,965

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	180,261
Accrued expenses		97,272
Current portion of notes payable		87,380
Current portion of capital lease obligations		<u>7,730</u>
TOTAL CURRENT LIABILITIES		372,643

LONG-TERM LIABILITIES

Notes payable, less current portion		1,392,173
Capital lease obligations, less current portion		<u>15,870</u>
		<u>1,408,043</u>

TOTAL LIABILITIES 1,780,686

NET ASSETS

Without donor restrictions		2,043,531
With donor restrictions		<u>407,748</u>

TOTAL NET ASSETS 2,451,279

\$ 4,231,965

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants	\$ 2,597,870	\$ -	\$ 2,597,870
Other income	56,134	-	56,134
Contributions	<u>387,505</u>	<u>-</u>	<u>387,505</u>
	3,041,509	-	3,041,509
Net assets released from restriction	<u>28,379</u>	(28,379)	<u>-</u>
TOTAL SUPPORT AND REVENUE	3,069,888	(28,379)	3,041,509
EXPENSES			
Program services:			
Domestic violence prevention and services	1,867,226	-	1,867,226
Sexual violence prevention and services	<u>528,477</u>	<u>-</u>	<u>528,477</u>
Total program services	2,395,703	-	2,395,703
Supporting services:			
General and administrative	567,042	-	567,042
Fundraising	<u>8,422</u>	<u>-</u>	<u>8,422</u>
Total supporting services	<u>575,464</u>	<u>-</u>	<u>575,464</u>
TOTAL EXPENSES	<u>2,971,167</u>	<u>-</u>	<u>2,971,167</u>
CHANGE IN NET ASSETS	98,721	(28,379)	70,342
BEGINNING NET ASSETS, as restated	<u>1,944,810</u>	<u>436,127</u>	<u>2,380,937</u>
ENDING NET ASSETS	\$ <u>2,043,531</u>	\$ <u>407,748</u>	\$ <u>2,451,279</u>

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services		Supporting Services		Total Expenses
	Domestic Violence Prevention and Services	Sexual Violence Prevention and Services	General and Administrative	Fundraising	
Personnel	\$ 1,371,878	\$ 395,974	\$ 210,458	\$ -	\$ 1,978,310
Depreciation	74,113	-	105,584	-	179,697
Rent	56,252	45,278	5,041	-	106,571
Utilities	81,267	3,690	8,176	-	93,133
Repairs and maintenance	72,428	8,162	7,885	-	88,475
Insurance	21,496	12,922	50,246	-	84,664
Professional fees	10,334	3,575	68,958	-	82,867
Communication	51,204	20,383	8,808	-	80,395
Interest	-	-	65,610	-	65,610
Contracted services	53,423	-	-	-	53,423
Office	11,955	12,508	8,298	-	32,761
Travel	24,566	3,894	1,762	-	30,222
Security	17,200	1,531	732	-	19,463
Supplies	3,804	6,482	3,169	-	13,455
Other	3,804	-	9,196	-	13,000
Public Awareness	-	10,797	436	-	11,233
Dues and subscriptions	1,521	-	7,714	-	9,235
Fundraising	-	-	-	8,422	8,422
Equipment rental and maintenance	5,532	1,194	1,422	-	8,148
Direct client assistance	5,843	-	-	-	5,843
Licenses and fees	606	192	3,397	-	4,195
Training	-	1,895	150	-	2,045
Total expenses	\$ 1,867,226	\$ 528,477	\$ 567,042	\$ 8,422	\$ 2,971,167

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

CASH FLOWS OPERATING ACTIVITIES	
Cash received from grants and contributions	\$ 3,014,731
Cash payments to employees and employment taxes	(2,019,656)
Cash payments to vendors and service providers	(593,346)
Interest paid	(<u>37,231</u>)
NET CASH PROVIDED BY OPERATING ACTIVITIES	364,498
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment:	(<u>27,429</u>)
NET CASH USED IN INVESTING ACTIVITIES	(27,429)
CASH FROM FINANCING ACTIVITIES	
Payment of principal on notes payable	(57,555)
Payment of principal on obligations under capital leases	(<u>7,730</u>)
NET CASH USED IN FINANCING	(<u>65,285</u>)
NET INCREASE IN CASH	271,784
CHANGE AT BEGINNING OF YEAR	<u>623,468</u>
CASH AT YEAR END	\$ <u><u>895,252</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ 70,342
Adjustments to change in net assets to net cash provided by operating services:	
Depreciation expense	179,697
Imputed interest	28,379
Decrease (increase) in assets:	
Grants and contracts receivable	(26,778)
Prepaid expenses	(2,166)
Other assets	(1,000)
Increase (decrease) in liabilities:	
Account payable	157,682
Accrued expenses	(<u>41,658</u>)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>364,498</u></u>
Supplemental schedule of non-cash investing and financing activities:	
Purchase of prepaid insurance with related note payable	\$ <u><u>21,091</u></u>

See accompanying notes.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - Refuge House, Inc. (the “Organization”) is a Florida non-profit charitable corporation headquartered in Tallahassee, Florida with operations in eight contiguous counties: Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor, and Wakulla. The primary purpose of the Organization is to develop and sustain a system of support services for survivors of domestic violence and survivors of sexual violence and their children. A secondary purpose of the Organization is to eliminate the conditions in society that allow domestic violence and sexual violence to continue.

A summary of significant accounting policies is presented below:

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - Net assets of the Organization and changes therein are classified and reported as follows:

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

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

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

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.

REFUGUE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment with a value greater than \$5,000 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 (5) to thirty-nine (39) years.

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 taxing authorities and may change upon examination.

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

Cash and Cash Equivalents - For the purpose of reporting cash flows, cash and cash equivalents includes cash on hand, amounts in demand deposits and short-term investments with an original maturity of ninety (90) days or less.

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.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions - The Organization accounts for contributions in accordance with generally accepted accounting principles. Accordingly, contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in the 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.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of not implying a time restriction on contributions of such assets.

Grants and Contracts Receivable - Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. All amounts are expected to be collected within one (1) year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Accrued Leave - The Organization compensates its employees for unused vacation leave, up to 240 hours, upon termination of employment. The amount of the change in accrued leave for all employees from one year to the next is reported as an expense during the current year.

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.

NOTE 2 – SIGNIFICANT FUNDING SOURCE

The Organization receives a substantial amount of its funding from the U.S. Department of Health and Human Services, U.S. Department of Justice, and State of Florida Department of Children and Families. 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.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Demand Deposits - The Organization maintains cash deposits with one financial institution. The Organization has no policy requiring collateral to support its cash deposits. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2022, the Organization's uninsured cash balance amounted to \$655,943.

Grants and Contracts Receivable - The Organization's receivables are for amounts due under contracts with the State of Florida and Federal government agencies. The Organization has no policy requiring collateral or other security to support its receivables.

NOTE 4 – LINE OF CREDIT

At June 30, 2022, the Organization had an unused \$125,000 line-of-credit with the bank to be drawn upon as needed. The variable interest rate is 1.25% above the lender's prime rate, and is payable monthly, collateralized by property and equipment, receivables, and other miscellaneous assets of the Organization. The line-of-credit is available through February 10, 2023.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 5 – PROPERTY AND EQUIPMENT

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

Land	\$ 386,183
Building and improvements	4,921,121
Furniture and equipment	<u>548,351</u>
	5,855,655
Less: Accumulated depreciation	(<u>2,958,270</u>)
	<u>\$ 2,897,385</u>

Depreciation expense for the year ended June 30, 2022 amounted to \$179,697.

NOTE 6 – CAPITAL LEASES

The Organization has entered into a lease agreement as a lessee for financing office equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception dates. Leased equipment under capital lease obligations of \$46,971 is included in property and equipment at June 30, 2022. Accumulated depreciation related to the equipment is \$19,496 at June 30, 2022. Depreciation expense related to the equipment and included in the Statement of Activities for the year ended June 30, 2022 was \$6,684. The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2022 were as follows:

Year Ending June 30,	Amount
2023	\$ 8,310
2024	8,310
2025	8,310
2026	-
2027	-
Thereafter	-
Total minimum lease payments	<u>24,930</u>
Less: Amount representing interest	(<u>1,330</u>)
Present value of net minimum lease payments	<u>\$ 23,600</u>

NOTE 7 – MATCHING REQUIREMENTS

The Organization received a portion of its support through grants and contracts. Certain grants and contracts require the Organization to provide specified amounts of matching revenue. For each contract, where applicable, the Organization has met all matching requirements. Also, for each contract that ended on or before June 30, 2022, no obligation remains outstanding to the funding source.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 8 – PENSION PLAN

The Organization sponsors a defined contribution pension plan. Eligible employees are those that are at least 21 years old and have been employed with the Organization for at least one year. The Organization contributes up to 3% of the employee’s salary. The amount of pension plan expense for the year ended June 30, 2022 was \$13,423.

NOTE 9 – NOTES PAYABLE

Long-term debt consisted of the following at June 30, 2022:

6.00% note payable to bank, payable in monthly installments of \$5,225 including interest, through February 24, 2034, collateralized by real estate.	\$ 522,789
Noninterest-bearing note payable to a Florida state agency, with an original principal balance of \$840,330, due in full February 24, 2034. The note is discounted at an imputed interest rate of 3.25%, collateralized by real estate. At the end of each year the Organization amortizes the discount on the loan by recording interest expense and increasing the loan balance.	578,638
Noninterest-bearing note payable to a Florida state agency, with an original principal balance of \$469,008, due in full February 24, 2034. The note is discounted at an imputed interest rate of 3.25%, collateralized by real estate. At the end of each year the Organization amortizes the discount on the loan by recording interest expense and increasing the loan balance	322,952
7.00% note payable to bank, payable in monthly installments of \$2,946 through June 25, 2023, collateralized by property and equipment, receivables, and other miscellaneous assets.	34,083
0.00% note payable to corporation, payable in monthly installments of \$7,030 through September 2022, the loan is uncollateralized.	<u>21,091</u> 1,479,553
Less current portion of long-term debt	<u>(87,380)</u>
	\$ <u><u>1,392,173</u></u>

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 9 – NOTES PAYABLE (Continued)

The carrying value of the non interest bearing notes is shown net of total unamortized discount of \$407,748 as of June 30, 2022. Amortization of the discounts is reported in the statement of Activities as interest expense and was \$28,379 for the year ending June 30, 2022.

At June 30, 2022, maturities were as follows:

Year Ending June 30,	Amount
2023	\$ 87,380
2024	34,802
2025	36,949
2026	39,227
2027	44,943
Thereafter	1,236,252
	1,479,553
Unamortized discount	407,748
	\$ 1,887,301

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions as of June 30, 2022 consisted of the following:

Unamortized discount on below market rate loans	\$ 407,748
	\$ 407,748

NOTE 11 – 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.

NOTE 12 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Cash and cash equivalents	\$ 895,252
Grants and contracts receivable	415,089
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,310,341

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 13 – OPERATING LEASES

The Organization leases vehicles and office space under various operating leases expiring through 2025. Total rental expense for the year ended June 30, 2022 was \$106,571. Minimum future rental payments for the next five years and in the aggregate under these non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2022 are as follows:

Year Ending June 30,	Amount
2023	\$ 55,688
2024	32,607
2025	27,849
2026	-
2027	-
Total minimum future rental payments	\$ 116,144

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 22, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 15 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2022. 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, 2022 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.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Prior period adjustment was made to correct below market interest loan balances to be in accordance with FASB ASC 835-30, *Imputation of Interest*. The loans originated in a prior year at 0% interest, which is below the market in which a loan would normally be provided to the Organization. The present value of future cash flow differences between the 0% rate and the market rate is considered a time restricted contribution at the date the loans originated. Each year, the loan amortizes interest expense, increases the loan balance, and releases the same portion from the time restrictions placed on the initial contribution. The Organization has determined that 3.25% is a reasonable rate of interest that would have been available to the organization at the time the loans were refinanced in June 2020. Details of the prior period adjustment are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Net assets previously reported, June 30, 2021	\$ 1,944,810	\$ -	\$ 1,944,810
Unamortized discount on below market rate loans	<u>-</u>	<u>436,127</u>	<u>436,127</u>
Net assets as restated, June 30, 2021	\$ <u>1,944,810</u>	\$ <u>436,127</u>	\$ <u>2,380,937</u>

REFUGE HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
Year Ended June 30, 2022

Grantor/Program Title	CFDA\ CSFA Number	Contract Number	Expenditures
FEDERAL EXPENDITURES			
<u>U.S. Department of Homeland Security:</u>			
Emergency Food and Shelter Program	97.024	Unknown	\$ 78,744
<u>U.S. Department of Justice:</u>			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0029	86,010
Passed Through Florida Council Against Sexual Violence, Inc.: Violence Against Women Formula Grants	16.588	20STO04	155,031
Passed Through State of Florida, Office of the Attorney General:			
Crime Victim Assistance	16.575	VOCA-2020-Refuge House, Inc.-00754	53,928
Crime Victim Assistance	16.575	VOCA-2020-Refuge House, Inc.-00755	45,253
Crime Victim Assistance	16.575	VOCA-2021-Refuge House, Inc.-00748	184,187
Crime Victim Assistance	16.575	VOCA-2021-Refuge House, Inc.-00749	138,039
			<u>421,407</u>
<u>U.S. Department of Housing and Urban Development</u>			
Continuum of Care Program	14.267	FL077D4H061900	22,637
<u>U.S. Department of Health and Human Services</u>			
Passed Through Florida Council Against Sexual Violence, Inc.:			
Injury Prevention and Control Research and State Community Based Programs	93.136	21RPE04	72,877
Passed Through State of Florida, Department of Children and Families:			
Temporary Assistance for Needy Families	93.558	LN149	255,562
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	LN149	238,488
			<u>494,050</u>
			<u>566,927</u>
Total expenditure of federal awards			\$ <u>1,330,756</u>

See independent auditors' report.

See accompanying notes.

REFUGE HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2022

STATE EXPENDITURES

<u>Department of Legal Affairs - Office of the Attorney General</u>			
Passed Through Florida Council Against Sexual Violence, Inc.:			
Florida Council Against Sexual Violence	41.010	21OAG04	\$ 32,277
<u>Florida Department of Children and Families:</u>			
Domestic Violence Program	60.134	LN149	379,215
Child Abuse Domestic Violence Training	60.139	LN149	<u>168,066</u>
			547,281
<u>Florida Department of Health</u>			
Passed Through Florida Council Against Sexual Violence, Inc.:			
Rape Crisis Program Trust Fund	64.061	16TFGR04	103,295
Rape Crisis Center	64.069	16TFGR04	<u>158,467</u>
			<u>261,762</u>
Total expenditures of state financial assistance			<u>\$ 841,320</u>

See independent auditors' report.
See accompanying notes.

REFUGE HOUSE, INC.
NOTES TO SCHEDULE OF EXPENDITURES ON FEDERAL AWARDS AND
STATE FINANCIAL STATEMENTS
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 awards and State assistance activity of Refuge House, Inc. under programs of the federal government and state of Florida for the year ended June 30, 2022 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Refuge House, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Refuge House, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMIS COST RATE ELECTION

Refuge House, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

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

SUPPLEMENTARY INFORMATION

**REPORTS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS, OMB*
UNIFORM GUIDANCE, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-
PROFIT ORGANIZATIONS AND WITH CHAPTER 10.650 RULES OF THE STATE
*OF FLORIDA AUDITOR GENERAL***

MEMBERS

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CERTIFIED PUBLIC ACCOUNTANTS

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LUGER & COMPANY

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**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
Refuge House, Inc.
Tallahassee, 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 financial statements of Refuge House, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2023.

Report on Internal Control over Financial Reporting

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

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

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. We consider the deficiencies described in the accompanying schedule of findings and questioned as items 2022-001 to be a material weakness.

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.

Refuge House, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Refuge House, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Refuge House, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Refuge House, Inc.'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 statement. 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.

Thomson Black & Veatch Company

Tallahassee, Florida
March 22, 2023

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

To the Board of Directors
Refuge House, Inc.
Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Refuge House, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and Florida State Projects Compliance Supplement that could have a direct and material effect on each of Refuge House, Inc.'s major federal programs and state projects for the year ended June 30, 2022. Refuge House, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Refuge House, Inc. 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 State of Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Refuge House, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of Refuge House, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Refuge House, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and *Chapter 10.650, Rules of the State of Florida 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 Refuge House, Inc.'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, *Rules of the State of Florida 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 Refuge House, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Refuge House, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Refuge House, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Thomson Black & Veatch Company

Tallahassee, Florida
March 22, 2023

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Part A - SUMMARY OF AUDIT 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 deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies 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 section 2 CFR200.516(a)? X no

Identification of major programs:

Federal Program	Federal CFDA Number
Crime Victim Assistance	16.575
Violence Against Woman Formula Grants	16.588

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

Auditee qualified as low-risk auditee? yes X no

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Part A - SUMMARY OF AUDIT RESULTS (Continued)

State Financial Assistance

Internal control over financial reporting:

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

Types of auditor's report issued on compliance for major state projects: Unmodified

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

Identification of major projects:

State Project	State CSFA Number
Domestic Violence Program	60.134
Child Abuse Domestic Violence Training	60.139

Dollar threshold used to distinguish between type A and type B state projects: \$300,000

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Part B - FINANCIAL STATEMENTS FINDINGS

Findings 2022-001: Material Adjustment for Imputing Interest on Below Market Loans - Material Weakness

Criteria: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Condition: Material adjustments were required to recognize the contribution portion of the below market rate loans and record loan amortization through the end of the fiscal year.

Cause: Below market rate loans were recorded at their face value in a prior period and not in accordance with FASB ASC 835-30, *Imputation of Interest*.

Effect: Financial statements were materially misstated.

Recommendation: We recommend that management post the proposed audit adjustment to their general ledger and record adjustments annually to recognize the amortization of loans.

Part C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE.

Part D – FEDERAL AWARD SCHEDULE PRIOR YEAR FINDINGS

Finding 2021-001: Preparation of Financial Statements in Accordance with GAAP/Adjustments (ON – GOING)

Summary: In the prior year, material Adjustments were required to be made to the financial statements to be in accordance with Generally Accepted Accounting Principles (“GAAP”).

Status: See finding 2022-001, a material adjustment was required to be made to the financial statements to be in accordance with Generally Accepted Accounting Principles (“GAAP”).

Finding 2021-002: Cost Allocation Plan (CORRECTED)

Summary: In the prior year, management was not maintaining adequate documentation of the allocation rates used throughout the year when changes to the percentages were made.

Status: In the current year, no changes were made to the allocation rates and management was able to provide adequate documentation.

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Part E – STATE PROJECT FINDINGS AND QUESTIONED COSTS

None.

Part F – STATE PROJECT PRIOR YEAR AUDIT FINDINGS

None.

Saving Lives • Building Hope • Ending Violence



Refuge House

Stop the Violence!

DOMESTIC VIOLENCE • RAPE CRISIS

Refuge House Corrective Action Plan

Finding Number: 2022-001

Planned Corrective Action: Refuge House, Inc. will post the audit adjustments to its general ledger and adjust the loan balances to recognized the amortization on an annual basis.

Anticipated Completion Date: June 30, 2023

Responsible Contact Person: Emily Mitchem, Executive Director

Emily Mitchem

Executive Director
Refuge House, Inc.



P.O. Box 20910 • Tallahassee, FL 32316
Office (850) 922-6062 • Fax (850) 413-0395
24-Hour Hotline (850) 681-2111 or (800) 500-1119
E-Mail: receptionist@refugehouse.com



Apalachicola
(850) 653-3313

Crawfordville
(850) 926-9005

Madison
(850) 973-4144

Monticello
(850) 342-3518

Perry
(850) 584-8808

Quincy
(850) 627-9377

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MANAGEMENT LETTER

To the Board of Directors
Refuge House, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Refuge House, Inc. as of and for the year ended June 30, 2022, and have issued our report thereon dated March 22, 2023.

Auditors' Responsibility

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the State of Florida Auditor General*.

Other Reporting Requirements

We have issued our 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*, Independent Auditors' Report on Compliance for each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, March 22, 2023 should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the State of Florida Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or Federal Program and State Project amounts that is less than material but which warrants the attention of those charged with governance. Those findings and recommendations are as follows:

CURRENT YEAR COMMENTS:

1. Reconcile Donor Database with Accounting System

While comparing activity in the donor database (excel spreadsheet) to the general ledger in the MIP accounting system, we noted that the database was not complete, and some items were recorded to MIP that were not included in the database. The database is used to determine which donors are required to receive donor acknowledgement letters to. We recommend that the database be reconciled with the accounting system periodically to ensure that it is complete.

Management's Response:

Refuge House will reconcile the donation database with the general ledger on a quarterly basis.

2. Noncash Donations Recorded in the Accounting System

While tracing noncash donations from the donor database to the MIP accounting system, we were not able to trace any of the noncash donations in the donor database into the accounting system. The noncash amounts were not considered to be material to the financial statements. However, we recommend that management use guidance in FASB ASC 820 to apply a fair market value to the contributions and record them in the accounting system.

Management's Response:

Refuge House will determine fair market value for noncash donations valued at over \$2,500.00 and record them in MIP.

3. Late Filed Reports on STOP Grant

While testing internal controls over reporting requests for the STOP Grant, we noted that 3 of the 5 financial reports tested were filed late. We recommend that management work with the grantor to obtain extensions whenever possible to avoid late report filings.

Management's Response:

Refuge House is currently working with Integrated Management Systems to streamline and better organize fiscal and administrative processes. Refuge House will work to obtain grant extensions whenever possible to prevent a late submission.

4. Recording Financed Insurance Loan

The Organization finances its liability and umbrella policies through a third-party lender. An adjustment was required to record the accurate value of the remaining loan balance as of June 30, 2022. We recommend that management record these adjustments in the future as part of their process in closing the books.

Management's Response:

Refuge House will record the adjustments for the remaining loan balance as part of the book closing process.

5. Revenue from SANE/SAFE Program

The SANE/SAFE is a contractual vendor relationship with the Organization and Florida's Office of the Attorney General ("OAG") in which the Organization is paid \$1,000 for each case it serves. We noted that the Organization has been recording the revenue on a cash basis instead of on an accrual basis. We recommend that when invoices are remitted to OAG the funds be recorded in the MIP accounting system as receivables for proper revenue recognition. In the current year, no adjustment was prepared because the amount was not considered to be material to the financial statements.

Management's Response:

Refuge House will record the OAG funds in MIP as receivables going forward.

6. Donations with Restrictions

While gaining an understanding of the Organizations internal controls, we noted that the Organization does not have a process in place to track donations received with restrictions. In our testing, we identified restricted contributions which had all of their restrictions met in the same fiscal year; however, there was no separate accounting of these funds from contributions without donor restrictions. We recommend that management develop a system to track contributions with donor restrictions and how they are released from restriction.

Management's Response:

Refuge House will work with IMS staff to develop a tracking system for contributions with donor restrictions.

7. De Minimis 10% Indirect Cost Rate

Title 2, Section 200.414 (f) of the Code of Federal Regulations (CFR) allows certain non-federal agencies that never received a negotiated federal indirect cost rate to instead use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants and cooperative agreements. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time. We noted that two of the federal grants receive this rate and no other federal grant receives a negotiated rate or uses the De Minimis 10% rate. We recommend that the Organization work with its granting agencies to comply with the requirements of Section 200.414 (f) and utilize the De Minimis rate on all federal grants.

Management's Response:

Refuge House will work with towards compliance with of Section 200.414 (f) and utilize the De Minimis rate on all federal grants with all of our current and future funders.

8. Cost Allocation Plan

Management has a Cost Allocation Plan that meets the standards of 2 CFR 200.430 *Compensation – Personal Services*. The cost allocation plan requires that employees use actual time to allocate costs between programs. It also requires indirect costs to be pooled and allocated based on a ratio of direct costs. While testing the plan, we noted that salaried personnel were being allocated to funding sources based on predetermined percentages which where being certified by either the staff (if management) or direct supervisor. In accordance with 2 CFR 200.430(i)(1)(viii), Budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes. Additionally, there is no indication that indirect compensation for management positions is being allocated in accordance with the indirect cost portion of the Plan. We recommend either of the following:

- Amend the cost allocation plan to include salaried positions that are indirect to the programs and how their costs should be allocated to the programs, OR
- Obtain guidance from the Grantors that the prescribed certifications are allowed to be used to support the records as described in 2 CFR 200.430(i)(8), and revise the Cost Allocation Plan to include the certification process.

Management's Response:

We will work towards obtaining guidance from the grantors that the prescribed certifications are allowed to be used to support the records as described in 2 CFR 200.430(1)(8). We will revise the Cost Allocation Plan to include the certification process.

Refuge House, Inc.

March 22, 2023

Page 5

Purpose of this Letter

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

Thomson Block Capital Company

March 22, 2023