

CHILDREN'S HOME NETWORK

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

**June 30, 2023 and 2022
(With Independent Auditors' Report Thereon)**

CHILDREN'S HOME NETWORK

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Independent Auditors' Report

The Boards of Directors
Children's Home Network:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of The Children's Home, Inc. (d/b/a Children's Home Network) and Affiliates (collectively the "Organization" or "Children's Home Network"), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, the related combined statement of functional expenses for the year ended June 30, 2023, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Children's Home Network as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended, and their functional expenses for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1(o) to the combined financial statements, the Children's Home Network changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective July 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position and the combining statement of activities are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Children's Home Network's 2022 combined financial statements, and our report dated January 24, 2023 expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Mayer Hoffman McCann P.C.

December 15, 2023
St. Petersburg, Florida

CHILDREN'S HOME NETWORK

Combined Statements of Financial Position

June 30, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Cash	\$ 3,630,240	2,765,423
Receivables:		
Grants and contracts	2,512,610	2,756,959
Medicaid	71,290	38,731
Accrued interest	34,856	28,502
Contributions	1,181,033	1,230,816
Investments	23,092,939	20,679,448
Prepaid expenses and other assets	542,630	745,401
Cash surrender value of life insurance	89,551	104,726
Beneficial interest in perpetual trust	1,117,696	1,096,713
Operating lease right-of-use assets, net	225,764	-
Net property and equipment	<u>4,697,298</u>	<u>3,714,413</u>
	<u><u>\$ 37,195,907</u></u>	<u><u>33,161,132</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 171,426	549,777
Other accrued expenses	1,694,004	1,130,840
Deferred revenue	553,581	792,729
Operating lease liabilities	<u>226,819</u>	<u>-</u>
Total liabilities	2,645,830	2,473,346
Net assets:		
Without donor restrictions:		
Undesignated	6,516,167	6,023,440
Designated for long-term investment	<u>19,213,543</u>	<u>16,806,340</u>
	25,729,710	22,829,780
With donor restrictions	<u>8,820,367</u>	<u>7,858,006</u>
Total net assets	<u>34,550,077</u>	<u>30,687,786</u>
	<u><u>\$ 37,195,907</u></u>	<u><u>33,161,132</u></u>

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

CHILDREN'S HOME NETWORK

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

Years Ended June 30, 2023 and 2022

	2023	2022
Operating support and revenue:		
Public support:		
Special event revenue	\$ 325,205	364,004
Less special event costs	(111,325)	(102,653)
Net revenue from special events	213,880	261,351
Contributions	1,404,787	1,464,048
Bequests	-	37,418
Government grants and contracts	18,194,429	14,994,065
	19,813,096	16,756,882
Revenue:		
Investment return designated for current operations	653,261	580,653
Medicaid	785,624	657,204
In-kind revenue	282,883	315,008
Other	52,970	147,016
	1,774,738	1,699,881
Net assets released from restrictions:		
Expiration of time restrictions	613,987	596,664
Satisfaction of donor restrictions	120,822	89,422
	734,809	686,086
Total operating support and revenue	22,322,643	19,142,849
Operating expenses:		
Program services	17,033,376	14,589,182
Supporting services:		
Management and general	3,068,124	2,688,792
Development and public information	608,460	526,289
	3,676,584	3,215,081
Total operating expenses	20,709,960	17,804,263
Change in net assets without donor restrictions from operations	1,612,683	1,338,586
Other changes:		
Investment return in excess of (deficient to cover) amounts designated for current operations	1,287,247	(2,546,504)
Gain on disposal of property and equipment	-	28,113
Change in net assets without donor restrictions	\$ 2,899,930	(1,179,805)

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

CHILDREN'S HOME NETWORK

Combined Statements of Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023	2022
Net assets without donor restrictions:		
Total operating support and revenue	\$ 21,587,834	18,456,763
Total operating expenses	(20,709,960)	(17,804,263)
Investment return in excess of (deficient to cover) amounts designated for current operations	1,287,247	(2,546,504)
Gain on disposal of property and equipment	-	28,113
Net assets released from restrictions	734,809	686,086
Change in net assets without donor restrictions	2,899,930	(1,179,805)
Net assets with donor restrictions:		
United Way allocations	64,257	71,000
Capital grants	1,071,711	489,041
Contributions	128,955	108,000
Bequests	323,705	43,540
Investment return	23,642	(462,762)
Change in value of split-interest agreements	63,917	(231,703)
Change in value of beneficial interest in perpetual trust	20,983	(273,532)
Net assets released from restrictions	(734,809)	(686,086)
Change in net assets with donor restrictions	962,361	(942,502)
Change in net assets	3,862,291	(2,122,307)
Net assets at beginning of year	30,687,786	32,810,093
Net assets at end of year	\$ 34,550,077	30,687,786

CHILDREN'S HOME NETWORK

Combined Statement of Functional Expenses

Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Program Services					Supporting Services			Total Expenses		
	Residential Services	Foster Care Support Services	Kinship	SEEDS	Other Community- Based Programs	Total	Management and General	Development and Public Information	Total	2023	2022
	Awards, grants, and assistance: Awards, grants and assistance to individuals	\$ 82,811	79,886	93,260	25,657	8,859	290,473	43	-	43	290,516
	82,811	79,886	93,260	25,657	8,859	290,473	43	-	43	290,516	324,507
Salaries and related expenses: Salaries	2,731,331	1,987,359	2,810,805	1,405,152	2,498,305	11,432,952	1,697,393	402,829	2,100,222	13,533,174	10,599,483
Payroll taxes	208,861	150,595	212,148	106,923	191,361	869,888	123,420	29,955	153,375	1,023,263	785,712
Employee benefits	236,555	209,315	336,187	174,542	175,057	1,131,656	182,207	42,569	224,776	1,356,432	1,207,068
	3,176,747	2,347,269	3,359,140	1,686,617	2,864,723	13,434,496	2,003,020	475,353	2,478,373	15,912,869	12,592,263
Other operating expenses: Professional fees	109,770	17,186	103,513	8,083	57,415	295,967	328,551	44,545	373,096	669,063	637,084
Subcontractors	-	481,435	-	-	192,203	673,638	-	-	-	673,638	1,637,828
Supplies and materials	225,006	5,703	57,950	23,266	65,667	377,592	49,997	20,105	70,102	447,694	360,234
Electronic communications	25,430	23,751	37,114	21,656	33,234	141,185	14,175	4,240	18,415	159,600	138,804
Occupancy	89,330	9,419	74,128	65,163	142,312	380,352	133,225	2,871	136,096	516,448	421,080
Repairs, maintenance and rentals	181,852	6,763	20,600	2,795	20,575	232,585	80,535	4,285	84,820	317,405	269,620
Copying and printing	16,872	14,682	10,100	11,943	15,407	69,004	13,251	26,921	40,172	109,176	93,107
Postage and shipping	43	31	1,559	495	193	2,321	548	7,174	7,722	10,043	10,484
Travel and vehicle	40,603	8,947	54,317	32,234	55,986	192,087	12,111	2,207	14,318	206,405	101,302
Financing expense	-	-	-	-	-	-	-	-	-	-	2,576
Insurance	222,089	41,694	45,717	25,039	46,505	381,044	104,107	3,618	107,725	488,769	384,223
Organization and staff development	35,200	8,023	17,673	2,523	31,840	95,259	87,479	3,934	91,413	186,672	147,114
In-kind	184,341	26,275	47,030	12,620	12,617	282,883	-	-	-	282,883	315,008
Bad debt expense (recoveries)	-	-	-	-	-	-	-	10,000	10,000	10,000	(1,195)
Other	1,634	663	753	134	4,076	7,260	9,100	2,889	11,989	19,249	21,669
	1,132,170	644,572	470,454	205,951	678,030	3,131,177	833,079	132,789	965,868	4,097,045	4,538,938
Depreciation and amortization	151,225	-	3,927	5,193	18,623	178,968	230,562	-	230,562	409,530	348,555
Total	\$ 4,542,953	3,071,727	3,926,781	1,923,418	3,570,235	17,035,114	3,066,704	608,142	3,674,846	20,709,960	17,804,263

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

CHILDREN'S HOME NETWORK
Combined Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 3,862,291	(2,122,307)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	409,530	348,555
Non-cash lease expense	274,159	-
Gain on sale of property and equipment	-	(28,113)
Net realized and unrealized losses (gains) on investments	(1,164,839)	3,374,217
Change in value of split-interest agreements	(63,917)	231,703
Change in value of beneficial interest in perpetual trust	(20,983)	273,532
Provision for (recoveries of) bad debt	10,000	(1,195)
Grants restricted for long-term investment	(1,071,711)	(489,041)
Decrease (increase) in accounts receivable	309,136	(504,421)
Decrease (increase) in prepaid expenses and other assets	202,771	(437,036)
Decrease in cash surrender value of life insurance	15,175	543
Decrease in accounts payable and other liabilities	(54,335)	(270,967)
Decrease in operating lease liabilities	(273,104)	-
	2,434,173	375,470
Net cash provided by operating activities		
Cash flows from investing activities:		
Capital expenditures	(1,392,415)	(633,532)
Proceeds from the sale of property and equipment	-	117,500
Purchase of investment securities	(7,918,786)	(1,289,453)
Proceeds from sale of investment securities	6,670,134	648,627
	(2,641,067)	(1,156,858)
Net cash used in investing activities		
Cash flows from financing activities:		
Grants restricted for long-term investment	1,071,711	489,041
	1,071,711	489,041
Net cash provided by financing activities		
Net increase (decrease) in cash	864,817	(292,347)
Cash at beginning of year	2,765,423	3,057,770
Cash at end of year	\$ 3,630,240	2,765,423
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ -	2,576
Additions to operating lease right-of-use assets and operating lease liabilities recognized from the adoption of ASC 842	\$ 499,923	-

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements

June 30, 2023 and 2022

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

(a) **Description of Organization**

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

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

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

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

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

Since 2002, The Children's Home, Inc. has been accredited by the Council on Accreditation. In June 2022, a site visit was completed, including a thorough review of all programs and services, resulting in the Organization's successful re-accreditation through July 2026.

(b) **Financial Statement Presentation**

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

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

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

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

The combined statement of functional expenses includes certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2022, from which the summarized information was derived.

(c) **Financial Accounting Standards**

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

(d) **Contributions**

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(d) Contributions - Continued

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$2,921,000 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred.

(e) Revenue Recognition

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

(f) Investments

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

(g) Property and Equipment

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(h) **Accounts Receivable**

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

(i) **Going Concern Evaluation**

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

(j) **Income Taxes**

Each of the entities included in the combined financial statements has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publicly supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Organization's income tax filings for periods after the fiscal year ended June 30, 2019 remain subject to examination.

(k) **Functional Allocation of Expenses**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(l) **Leases**

The Organization leases office space and certain office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the accompanying combined statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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

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

(n) **Fair Value Measurements**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(o) Recent Accounting Pronouncement

In February 2016, the FASB issued guidance under ASC Topic 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC Topic 840.

The Organization elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard; (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new leasing accounting guidance, the Organization recognized on July 1, 2022, operating lease ROU assets and corresponding lease liabilities of \$499,923, which represent the present value of the remaining operating lease payments discounted using a risk-free rate of return ranging from 2.79% and 2.85%. The adoption of the new leasing accounting guidance had no effect on the Organization's net assets as of July 1, 2022.

The standard had an impact on the Organization's combined statement of financial position as of June 30, 2023 but did not have an impact on the Organization's combined statement of changes in net assets or cash flows for the year then ended. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

(p) Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 15, 2023, the date the combined financial statements were available to be issued. No material events have occurred that require recognition or disclosure in the combined financial statements.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(2) Investments

At June 30, 2023 and 2022, the cost and market value of investments were as follows:

	2023		2022	
	Cost	Market	Cost	Market
Endowments:				
Money market funds	\$ 992,179	992,179	624,227	624,227
U.S. Government and Agency obligations	2,878,592	2,831,943	2,055,028	1,919,236
Corporate obligations	3,128,043	2,821,109	3,056,099	2,779,493
Foreign bonds	136,480	125,140	146,852	139,427
Mutual funds	15,246,390	16,322,568	14,807,209	15,217,065
	\$ 22,381,684	23,092,939	20,689,415	20,679,448

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

The following schedule summarizes investment return for the years ended June 30, 2023 and 2022:

	2023	2022
Dividend and interest income	\$ 862,926	1,013,561
Net realized and unrealized gains (losses)	1,164,839	(3,374,217)
Investment management fees	(63,615)	(67,957)
Total investment return	1,964,150	(2,428,613)
Investment return designated for current operations	653,261	580,653
Investment return with donor restrictions	23,642	(462,762)
Investment return in excess of (deficient to cover) amounts designated for current operations	\$ 1,287,247	(2,546,504)

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(3) Property and Equipment

Property and equipment at June 30, 2023 and 2022 consists of the following:

	2023	2022
Land and improvements	\$ 988,604	988,604
Buildings and improvements	8,720,239	7,160,440
Furniture and equipment	2,415,582	1,833,968
Computer software	243,410	219,121
Transportation equipment	340,796	342,747
Construction in process	-	773,290
	12,708,631	11,318,170
Less accumulated depreciation and amortization	8,011,333	7,603,757
	\$ 4,697,298	3,714,413

Depreciation expense for the years ended June 30, 2023 and 2022 was \$409,530 and \$348,555, respectively. In connection with funding obtained to renovate residential cottages, the Organization periodically enters into land use restriction agreements whereby the Organization must continue to use the cottages for the benefit of abandoned, abused and/or neglected children for periods ranging from five to forty years. Since 2009, the Organization has executed six such agreements and the corresponding land use restriction agreements expire at various dates through June 2049.

(4) Contributions Receivable

Contributions receivable at June 30, 2023 and 2022 consist of the following:

	2023	2022
United Way allocations	\$ 51,000	59,743
Bequests	115,375	147,550
Remainder trusts	1,013,583	1,013,523
Pledges	1,075	10,000
	1,181,033	1,230,816
	\$ 1,181,033	1,230,816
Amounts due in:		
Less than one year	\$ 128,325	188,993
One to five years	265,000	337,000
More than five years	787,708	704,823
	\$ 1,181,033	1,230,816

Pledges receivable are due within one year. The Organization's interest in remainder trusts is more fully described in Note 5.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(5) **Split-Interest Gifts**

The Organization has been named the remainder beneficiary under two charitable remainder trusts. The first trust provides for the payment of quarterly distributions to two donors over the donors' lifetimes of 6% of the fair market value of the trust assets as of the beginning of the trust year. Upon the death of the donor, the remaining assets are available for the Organization's use. In 2015, the Organization was named a 10% remainder beneficiary under a second charitable remainder trust. The remaining assets are to be distributed to the remainder beneficiaries over ten years beginning two years after the donor's death, which occurred in 2019. At June 30, 2023 and 2022, the outstanding receivable under remainder trusts reported at their estimated fair market values was \$1,013,583 and \$1,013,528, respectively, and is included with contributions receivable in the accompanying combined statements of financial position.

(6) **Assets Held in Trust by Others**

The Organization is currently the sole income beneficiary of the Mary W. Wiggins trust, a perpetual trust established for the Organization's benefit. The trustee directs investment of the principal assets in the trust. Income received by the Organization from the trust was \$27,246 and \$24,372 for the years ended June 30, 2023 or 2022, respectively. The market value of the investments held in the trust was approximately \$613,000 and \$575,000 at June 30, 2023 and 2022, respectively.

(7) **Line of Credit**

At June 30, 2023 and 2022, the Organization had a revolving line of credit from a commercial bank that allowed the Organization to borrow up to \$1,500,000 at the Term Secured Overnight Financing Rate ("SOFR") plus 1.66% (6.73% at June 30, 2023). The loan is secured by an investment account with a fair market value of \$4,924,153 and \$4,917,726 as of June 30, 2023 and 2022, respectively, and matured on September 29, 2023. Subsequent to June 30, 2023, the line of credit was renewed and matures on September 20, 2024. There was no outstanding balance on the line of credit at June 30, 2023 or 2022.

(8) **Leases**

The Organization leases certain office equipment and facilities under noncancellable operating leases which expire over the next two years. Leases with initial terms of 12 months or less are not recorded on the combined statement of financial position. Expense under these short-term leases is recognized on a straight-line basis over the lease term. Operating leases are included in operating lease ROU assets and operating lease liabilities on the accompanying combined statement of financial position as of June 30, 2023.

The weighted average remaining lease term as of June 30, 2023 was 1.3 years. The weighted average discount rate as of June 30, 2023 was 2.84%.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(8) Leases - Continued

Rental expense on operating leases was \$356,074 for the year ended June 30, 2023. The components of lease costs under operating leases for the year ended June 30, 2023 include the following:

Operating lease cost	\$	284,670
Short-term leases		50,462
Variable lease costs		<u>20,942</u>
Total lease costs	\$	<u><u>356,074</u></u>

The following table summarizes cash flow information related to operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	283,615
Operating ROU assets obtained in exchange for operating lease liabilities	\$	499,923

The maturities of the lease liabilities as of June 30, 2023 were as follows:

Year Ending June 30,		
2024	\$	170,381
2025		<u>60,897</u>
Total payments		231,278
Less interest		<u>(4,459)</u>
Present value of lease liabilities	\$	<u><u>226,819</u></u>

Rent expense under operating leases in fiscal 2022 was approximately \$303,000. Future minimum lease payments under noncancellable operating leases as of June 30, 2022 (as classified under prior authoritative lease accounting guidance) were as follows:

Year Ending June 30,		
2023	\$	283,600
2024		170,400
2025		<u>60,965</u>
	\$	<u><u>514,965</u></u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(9) Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022 relate to the following:

	2023	2022
<i>Subject to time restrictions:</i>		
United Way allocations	\$ 86,598	93,211
Contributions restricted for future periods	1,128,958	1,139,573
Facilities subject to time restrictions	2,410,387	1,452,056
	3,625,943	2,684,840
 <i>Subject to use restrictions:</i>		
Contributions restricted for programs	269,878	273,528
Investment earnings restricted for programs	24,918	20,993
	294,796	294,521
 <i>Net assets held in perpetuity:</i>		
Internally-controlled endowment:		
Donor restricted endowment funds	3,781,932	3,781,932
Externally-controlled endowment:		
Beneficial interest in a perpetual trust	1,117,696	1,096,713
	4,899,628	4,878,645
	\$ 8,820,367	7,858,006

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

(10) Endowment Funds

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(10) Endowment Funds - Continued

Interpretation of Relevant Law

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

Investment Return Objectives, Risk Parameters and Strategies

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

Spending Policy

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(10) Endowment Funds - Continued

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
2023:			
Board-designated endowments	\$ 19,213,543	-	19,213,543
Donor-restricted endowments	-	3,914,252	3,914,252
	<u>\$ 19,213,543</u>	<u>3,914,252</u>	<u>23,127,795</u>
2022:			
Board-designated endowments	\$ 16,806,340	-	16,806,340
Donor-restricted endowments	-	3,901,610	3,901,610
	<u>\$ 16,806,340</u>	<u>3,901,610</u>	<u>20,707,950</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Net Assets</u>
Balance, June 30, 2021	\$ 19,057,742	4,387,209	23,444,951
Contributions	339,066	-	339,066
Net investment income	714,354	164,449	878,803
Net depreciation	(2,742,806)	(631,411)	(3,374,217)
Reclassifications	(4,199)	4,199	-
Withdrawals	(557,817)	(22,836)	(580,653)
Balance, June 30, 2022	16,806,340	3,901,610	20,707,950
Contributions	1,171,820	-	1,171,820
Net investment income	597,692	138,755	736,447
Net appreciation	945,370	219,469	1,164,839
Reclassifications	345,582	(345,582)	-
Withdrawals	(653,261)	-	(653,261)
Balance, June 30, 2023	<u>\$ 19,213,543</u>	<u>3,914,252</u>	<u>23,127,795</u>

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(11) Retirement Plan

The Organization sponsors a defined contribution retirement plan which covers all employees with one year's service who have attained the age of 21. For the years ended June 30, 2023 and 2022, the plan, subject to minimum funding standards, required matching contributions up to 3% of each participant's gross wages, which are paid to the plan in bi-weekly installments. Participants are immediately vested in their salary deferral contributions and become fully vested in Organization contributions over a five-year period of continuous service. Organization contributions to the plan were \$98,149 and \$96,990 for the years ended June 30, 2023 and 2022, respectively.

(12) Donated Services and Materials

A substantial number of volunteers have donated significant amounts of time in different projects for the Organization. In addition, materials are donated to the Organization on a periodic basis. For the years ended June 30, 2023 and 2022, total in-kind support (consisting solely of donated materials) was \$284,492 and \$316,030, respectively, of which \$1,609 and \$1,022, respectively, are included in special event revenue and expense. Donated materials are primarily used in the Organization's residential programs and consist of children's clothes, toys and supplies. In valuing donated materials, the Organization estimated the fair value based on wholesale values that would be received for selling similar items in the United States.

(13) Credit and Funding Concentrations

The Organization maintains several deposit accounts with what management believes to be high credit quality financial institutions and a large commercial brokerage. The total balances of these accounts exceeded federal deposit insurance coverage by approximately \$3.14 million and \$2.47 million at June 30, 2023 and 2022, respectively. The Organization has no financial instruments which subject it to off-balance-sheet risk.

The Organization relies to a significant extent on the federal government and the State of Florida as sources of funding. Funding from the federal government and the State of Florida represented approximately 49% and 52% of total operating support and revenue before investment return for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, approximately 47% and 71%, respectively, of total receivables from grants, contracts and the Medicaid program were comprised of funding provided by the federal government and the State of Florida.

(14) Funds Held by Community Foundation

In 1992, the Organization established an account at the Community Foundation of Tampa Bay (the "Foundation") with a payment of \$25,000. This amount is considered an asset (beneficial interest in assets held by others) of the Organization and is included in other assets in the accompanying combined statements of financial position. Earnings on this account are earmarked to be distributed on a periodic basis to the Organization. The Foundation has been granted variance power over these funds, which provides the Foundation the unilateral power to redirect the use of the funds to other beneficiaries. Because the Foundation has been granted variance power, funds contributed to the Foundation on behalf of the Organization are not considered to be an asset. The Foundation distributed \$2,583 and \$0 of earnings to the Organization for the years ended June 30, 2023 and 2022, respectively.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(15) Contingencies

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

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

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

(16) Fair Value Measurements

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

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

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

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

There have been no changes in the valuation methodologies used at June 30, 2023 and 2022. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at June 30, 2023 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income securities:				
U.S. government and agency obligations	\$ 2,831,943	-	2,831,943	-
Corporate obligations	2,821,109	-	2,821,109	-
Foreign bonds	125,140	125,140	-	-
Equity securities:				
Mutual funds	16,322,568	16,322,568	-	-
Money market funds	992,179	992,179	-	-
	<u>23,092,939</u>	<u>17,439,887</u>	<u>5,653,052</u>	<u>-</u>
Receivable under remainder trusts	1,013,583	-	-	1,013,583
Beneficial interest in perpetual trust	<u>1,117,696</u>	<u>-</u>	<u>-</u>	<u>1,117,696</u>
	<u>\$ 25,224,218</u>	<u>17,439,887</u>	<u>5,653,052</u>	<u>2,131,279</u>

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Fair Value Measurements - Continued

The following table sets forth a summary of changes in fair value of assets using significant unobservable inputs (Level 3) for the years ended June 30, 2023 and 2022:

	Receivable Under Remainder Trusts	Beneficial Interest in Perpetual Trust
Balances at June 30, 2021	\$ 1,403,138	1,370,245
Total losses included in changes in net assets	(220,319)	(273,532)
Purchases, issues, sales and settlements:		
Purchases	6,482	-
Issues	-	-
Sales	-	-
Settlements	(175,778)	-
Balances at June 30, 2022	1,013,523	1,096,713
Total gains included in changes in net assets	56,692	20,983
Purchases, issues, sales and settlements:		
Purchases	-	-
Issues	-	-
Sales	-	-
Settlements	(56,632)	-
Balances at June 30, 2023	\$ 1,013,583	1,117,696
Change in unrealized losses for the period included in changes in net assets for assets held at June 30, 2022	\$ (220,319)	(273,532)
Change in unrealized gains for the period included in changes in net assets for assets held at June 30, 2023	\$ 56,692	20,983

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

The Organization utilizes discounted cash flow methods to estimate the fair value of the receivable under remainder trusts. At June 30, 2023, significant unobservable inputs include using discount rate of 4.2% and estimated life expectancy of 7 years. The Organization utilizes the fair value of the underlying assets held in the perpetual trust to estimate the fair value of its 100% beneficial interest in the perpetual trust.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(17) Liquidity and Availability of Resources

Children's Home Network is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and a revolving line of credit (described in Note 7).

As of June 30, 2023 and 2022, the Organization's financial assets available to meet general expenditures within one year were as follows:

	2023	2022
Financial assets:		
Cash	\$ 3,630,240	2,765,423
Accounts receivable	2,583,900	2,795,690
Contributions receivable	1,181,033	1,230,816
Investments	23,092,939	20,679,448
Beneficial interest in perpetual trusts	1,117,696	1,096,713
Total financial assets	31,605,808	28,568,090
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Contributions restricted for future periods	(1,128,958)	(1,139,573)
Contributions restricted for programs	(269,878)	(273,528)
Investment earnings restricted for programs	(24,918)	(20,993)
Donor restricted endowment funds	(3,781,932)	(3,781,932)
Beneficial interest in perpetual trust	(1,117,696)	(1,096,713)
Board-designations:		
Quasi-endowment	(19,213,543)	(16,806,340)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,068,883	5,449,011

(18) Risks and Uncertainties

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

SUPPLEMENTARY FINANCIAL INFORMATION

CHILDREN'S HOME NETWORK

Combining Statement of Financial Position

June 30, 2023

Assets	The Children's Home, Inc.	The Children's Home Properties, Inc.	The Children's Home Foundation, Inc.	Eliminations	Combined Total
Cash	\$ 3,110,839	-	519,401	-	3,630,240
Receivables:					
Grants and contracts	2,512,610	-	-	-	2,512,610
Medicaid	71,290	-	-	-	71,290
Accrued interest	-	-	34,856	-	34,856
Contributions	1,181,033	-	-	-	1,181,033
Intercompany	-	-	7,355	(7,355)	-
Investments	100	-	23,092,839	-	23,092,939
Prepaid expenses and other assets	475,673	-	66,957	-	542,630
Cash surrender value of life insurance	-	-	89,551	-	89,551
Beneficial interest in a perpetual trust	-	-	1,117,696	-	1,117,696
Operating lease right-of-use assets, net	225,764	-	-	-	225,764
Net property and equipment	4,275,985	421,313	-	-	4,697,298
	<u>\$ 11,853,294</u>	<u>421,313</u>	<u>24,928,655</u>	<u>(7,355)</u>	<u>37,195,907</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable:					
Trade	\$ 171,426	-	-	-	171,426
Intercompany	7,355	-	-	(7,355)	-
Other accrued expenses	1,694,004	-	-	-	1,694,004
Deferred revenue	553,581	-	-	-	553,581
Operating lease liabilities	226,819	-	-	-	226,819
Total liabilities	2,653,185	-	-	(7,355)	2,645,830
Net assets	9,200,109	421,313	24,928,655	-	34,550,077
	<u>\$ 11,853,294</u>	<u>421,313</u>	<u>24,928,655</u>	<u>(7,355)</u>	<u>37,195,907</u>

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets

Year Ended June 30, 2023

	The Children's Home, Inc.	The Children's Home Properties, Inc.	The Children's Home Foundation, Inc.	Combined Total
Activities without donor restrictions:				
Operating support and revenue:				
Public support:				
Special event revenue	\$ 325,205	-	-	325,205
Less special event costs	(111,325)	-	-	(111,325)
Net revenue from special events	213,880	-	-	213,880
Contributions	1,386,112	-	18,675	1,404,787
Government grants and contracts	18,194,429	-	-	18,194,429
	19,794,421	-	18,675	19,813,096
Revenue:				
Investment return designated for current operations	-	-	653,261	653,261
Medicaid	785,624	-	-	785,624
In-kind revenue	282,883	-	-	282,883
Other	52,970	-	-	52,970
	1,121,477	-	653,261	1,774,738
Net assets released from restrictions:				
Expiration of time restrictions	300,152	-	313,835	613,987
Satisfaction of donor restrictions	109,822	-	11,000	120,822
	409,974	-	324,835	734,809
Total operating support and revenue	21,325,872	-	996,771	22,322,643
Operating expenses:				
Program services	17,033,376	-	-	17,033,376
Supporting services:				
Management and general	3,065,624	-	2,500	3,068,124
Development and public information	608,460	-	-	608,460
	3,674,084	-	2,500	3,676,584
Total operating expenses	20,707,460	-	2,500	20,709,960
Change in net assets without donor restrictions from operations	618,412	-	994,271	1,612,683
Other changes:				
Investment return in excess of (deficient to cover) amounts designated for current operations	(1,041)	-	1,288,288	1,287,247
Affiliate contributions	(522,322)	-	522,322	-
Change in net assets without donor restrictions	95,049	-	2,804,881	2,899,930

(Continued)

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets - Continued

	<u>The Children's Home, Inc.</u>	<u>The Children's Home Properties, Inc.</u>	<u>The Children's Home Foundation, Inc.</u>	<u>Combined Total</u>
Donor restricted activities:				
Support and revenue:				
Capital grants	\$ 1,071,711	-	-	1,071,711
Contributions	193,212	-	-	193,212
Bequests	32,370	-	291,335	323,705
Investment return	-	-	23,642	23,642
Change in value of split-interest agreements	63,917	-	-	63,917
Change in value of beneficial interest in perpetual trust	-	-	20,983	20,983
Net assets released from restrictions	<u>(409,974)</u>	<u>-</u>	<u>(324,835)</u>	<u>(734,809)</u>
Change in net assets with donor restrictions	<u>951,236</u>	<u>-</u>	<u>11,125</u>	<u>962,361</u>
Change in net assets	1,046,285	-	2,816,006	3,862,291
Net assets at beginning of year	<u>8,153,824</u>	<u>421,313</u>	<u>22,112,649</u>	<u>30,687,786</u>
Net assets at end of year	<u>\$ 9,200,109</u>	<u>421,313</u>	<u>24,928,655</u>	<u>34,550,077</u>

CHILDREN'S HOME NETWORK

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2023

Federal Agency/ Pass-through Entity/ Federal Program	Federal Assistance Listing Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
U.S. Department of Agriculture				
Passed-through State of Florida Department of Agriculture and Consumer Affairs:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	18294	\$ 31,592	-
National School Lunch Program	10.555	18294	47,178	-
Subtotal - Child Nutrition Cluster			78,770	-
Subtotal - U.S. Department of Agriculture			78,770	-
U.S. Department of Housing and Urban Development				
Passed-through Hillsborough County Board of County Commissioners				
<i>CDBG - Entitlement Grants Cluster:</i>				
Community Development Block Grants/Entitlement Grants	14.218	21-0846 22-0571	498,303 573,408	- -
Subtotal - CDBG - Entitlement Grants Cluster			1,071,711	-
Subtotal - U.S. Department of Housing and Urban Development			1,071,711	-
U.S. Department of Health and Human Services				
Passed-through ChildNet, Inc.:				
Foster Care Title IV-E	93.658	n/a	140,060	-
			140,060	-
Passed-through Heartland for Children, Inc.:				
Promoting Safe and Stable Families	93.556	RA-SCN01	1,097	-
Foster Care Title IV-E	93.658	RA-SCN01	9,331	-
			10,428	-
Passed-through Children's Network of Hillsborough, LLC:				
Foster Care Title IV-E	93.658	ECA-C13-RGC-CHN-FY22 CBA01 ECA-C13-L1L-FY22 ECA-C13-HCO-CHN-FY21	893,650 437,138 306,242 20,348	- - 121,969 -
Adoption Assistance	93.659	CBA01 ECA-C13-L1L-FY22 ECA-C13-HCO-CHN-FY21	62,879 44,050 2,927	- 17,544 -
Temporary Assistance for Needy Families (TANF)	93.558	CBA01	124,286	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CBA01	40,804	-
Social Services Block Grant	93.667	CBA01	224,969	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	ECA-C13-RGC-CHN-FY22	3,400	-
			2,160,693	139,513
Passed-through Healthy Start Coalition of Hillsborough County, Inc.:				
Promoting Safe and Stable Families	93.556	HF-20-25-01	64,318	-
Temporary Assistance for Needy Families (TANF)	93.575	HF-20-25-01	117,751	-
			182,069	-
Passed-through from State of Florida, Department of Children and Families:				
Promoting Safe and Stable Families	93.556	LJ998	71,249	-
Passed-through Family Support Services of Suncoast, LLC:				
Foster Care Title IV-E	93.658	FSS-C6-RGC-CMI-FY23	66,673	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	FSS-C6-RGC-CMI-FY23	2,000	-
			68,673	-
Passed-through Embrace Families Community Based Care, Inc.:				
Promoting Safe and Stable Families	93.556	SEMOROSO43-2023	19,107	-
Temporary Assistance for Needy Families (TANF)	93.558	CHN2100-2223	25,393	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CHN2100-2223	8,329	-
Foster Care Title IV-E	93.658	CHN2100-2223	37,748	-
Adoption Assistance	93.659	CHN2100-2223	5,420	-
Social Services Block Grant	93.667	CHN2100-2223	67,065	-
			163,062	-
Subtotal - U.S. Department of Health and Human Services			2,796,234	139,513
Total Expenditures of Federal Awards			\$ 3,946,715	139,513

(Continued)

CHILDREN'S HOME NETWORK

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

State Agency/ Pass-through Entity/ State Project	CSFA Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
Department of Children and Families				
Passed-through Children's Network of Hillsborough, LLC:				
Out-of-Home Supports	60.074	ECA-C13-RGC-CHN-FY22	\$ 1,701,537	-
Kinship Navigator Program	60.207	ECA-C13-HCO-CHN-FY21	22,187	-
			1,723,724	-
Passed-through Family Support Services of Suncoast, LLC:				
Out-of-Home Supports	60.074	VEN-023-CHN-FF	233,819	-
		VEN-023-CHN-KIN	150,324	-
		FSS-C6-RGC-CMI-FY23	560,691	-
Extended Foster Care Program	60.141	FSS-C6-RGC-CMI-FY23	122,112	-
Family Finders Program	60.206	VEN-023-CHN-FF	133,612	-
Kinship Navigator Program	60.207	VEN-023-CHN-KIN	263,066	-
			1,463,624	-
Passed-through ChildNet, Inc.:				
Out-of-Home Supports	60.074	n/a	19,282	-
Family Finders Program	60.206	CHN20KIN	10,093	-
Kinship Navigator Program	60.207	CHN20KIN	20,368	-
			49,743	-
Passed-through Embrace Families Community Based Care, Inc.:				
Family Finders Program	60.206	SEMOROSO43-2023	91,897	-
Kinship Navigator Program	60.207	SEMOROSO43-2023	929,183	-
			1,021,080	-
Passed-through Citrus Family Care Network:				
Kinship Navigator Program	60.207	22-21	343,188	-
Passed-through Heartland for Children, Inc.:				
Out-of-Home Supports	60.074	RA-SCN01	35,778	-
Passed-through Children's Network of Southwest Florida, LLC:				
Out-of-Home Supports	60.074	SAU14	8,056	-
Passed-through Community Partnership for Children:				
Out-of-Home Supports	60.074	n/a	75,105	-
Passed-through Family Support Services of North Florida, Inc.:				
Out-of-Home Supports	60.074	n/a	56,407	-
Subtotal - Department of Children and Families			4,776,705	-
Total Expenditures of State of Florida State Financial Assistance			\$ 4,776,705	-

CHILDREN'S HOME NETWORK

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

Year Ended June 30, 2023

(1) **Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Children's Home Network under programs of the federal and state governments for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Children's Home Network, it is not intended to and does not present the combined financial position, changes in net assets, or cash flows of Children's Home Network.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the State of Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **Other**

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

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

CHILDREN’S HOME NETWORK

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

(3) Other - Continued

Total federal expenditures by federal program and state financial assistance by state project for the year ended June 30, 2023 were as follows:

<u>AL/CSFA Number</u>	<u>Federal Program/State Project</u>	<u>Expenditures</u>
<i>Child Nutrition Cluster:</i>		
10.553	School Breakfast Program	\$ 31,592
10.555	National School Lunch Program	47,178
		<u>78,770</u>
 <i>CDBG - Entitlement Grants Cluster:</i>		
14.218	Community Development Block Grants/Entitlement Grants	1,071,711
93.556	Promoting Safe and Stable Families	155,771
93.558	Temporary Assistance for Needy Families (TANF)	149,679
93.575	Child Care and Development Block Grant	117,751
93.645	Stephanie Tubbs Jones Child Welfare Services Program	49,133
93.658	Foster Care Title IV-E	1,911,190
93.659	Adoption Assistance	115,276
93.667	Social Services Block Grant	292,034
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	5,400
	Total Expenditures of Federal Awards	<u>\$ 3,946,715</u>
60.074	Out-of-Home Supports	\$ 2,840,999
60.141	Extended Foster Care Program	122,112
60.206	Family Finders Program	235,602
60.207	Kinship Navigator Program	1,577,992
	Total Expenditures of State Financial Assistance	<u>\$ 4,776,705</u>

INTERNAL CONTROL AND COMPLIANCE



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

The Boards of Directors
Children's Home Network:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to combined financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Children's Home Network (the "Organization"), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mayer Hoffman McCann P.C.

December 15, 2023
St. Petersburg, Florida



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

The Boards of Directors
Children’s Home Network:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Children’s Home Network’s (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on the Organization’s major federal program and state projects for the year ended June 30, 2023. The Organization’s major federal program and state projects are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program and state projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and Chapter 10.650, *Rules of the State of Florida Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650 will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650 we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the combined financial statements of Children’s Home Network as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650 and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with 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 combined financial statements as a whole.

Mayer Hoffman McCann P.C.

March 22, 2024
St. Petersburg, Florida

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

(A) Summary of Auditors' Results

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

Federal Program:

Community Development Block Grants/Entitlement Grants (AL No.14.218)

State Projects:

Out-of-Home Supports (CSFA No. 60.074)

Kinship Navigator Project (CSFA No. 60.207)

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

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs - Continued

(B) Findings - Audit of Combined Financial Statements

None.

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

None.

(D) Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the audit of the combined financial statements in 2022 or major federal programs or state projects.



Management Letter

The Board of Directors
Children's Home Network:

Report on the Combined Financial Statements

We have audited the combined financial statements of Children's Home Network as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 15, 2023, our Independent Auditors' Report on Compliance for Each Major Federal Program and State Project, on Internal Control Over Compliance, and on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General* dated March 22, 2024, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

Other Matter

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

Purpose of the Letter

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

Mayer Hoffman McCann P.C.

March 22, 2024
St. Petersburg, Florida