PARTNERSHIP FOR STRONG FAMILIES, INC.

FINANCIAL STATEMENTS

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Partnership for Strong Families, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 Partnership for Strong Families, Inc. as of June 30, 2023, 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 the Organization 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 Partnership for Strong Families, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Partnership for Strong Families, 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 Partnership for Strong Families, 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 State of Florida Chapter 10.650, Rules of the 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 12, 2024, on our consideration of Partnership for Strong Families, 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 Partnership for Strong Families, 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 Partnership for Strong Families, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Partnership for Strong Families, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 12, 2024

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

	2023	2022
Current Asset		
Cash and Cash Equivalents	$ 1,664,301	$ 3,907,752
Grants Receivable	3,358,454	521,648
Due from DCF	601,363	757,940
Accounts Receivable, Net of Allowance for Doubtful Accounts of $14,500 for 2023 and 2022	175,527	158,142
Due from Related Entities	10,802	6,616
Prepaid Expenses and Other Assets	294,206	94,212
Total Current Assets	6,104,653	5,446,310
Property and Equipment, Net	296,072	237,731
Non-Current Assets		
Restricted Cash - Client Trust Funds	177,914	446,195
Deposits	5,000	4,500
Other Assets	107,869	107,869
Operating Lease Right-of-Use Asset	2,235,730	-
Total Non-Current Assets	2,526,513	558,564
Total Assets	$ 8,927,238	$ 6,242,605

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts Payable	$ 4,332,287	$ 3,690,699
Accrued Payroll and Related Expenses	634,690	461,503
Due to Related Entities	388,039	624,388
Short-term Lease Liability	735,500	-
Total Current Liabilities	6,090,516	4,776,590
Long-Term Liabilities		
Client Trust Funds	177,915	446,350
Operating Lease Liabilities	1,511,072	-
Total Long-Term Liabilities	1,688,987	446,350
Total Liabilities	7,779,503	5,222,940
Net Assets		
Without Donor Restrictions:		
Net Investment in Property and Equipment	296,072	237,731
Undesignated	851,663	781,934
Total Net Assets	1,147,735	1,019,665
Total Liabilities and Net Assets	$ 8,927,238	$ 6,242,605

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	2023	2022
Revenue and Support		
Government Grant - DCF	$ 52,584,838	$ 42,757,598
Contract Revenue	949,598	1,290,539
Contributions (Non-Financial Assets and Cash)	946,723	650,904
Interest and Other Revenues	15,883	22,217
Total Revenues and Support	54,497,042	44,721,258
Functional Expenses		
Program Services:		
Adoptions	15,984,575	14,843,123
Case Management	18,663,098	13,903,397
Family Preservation	1,226,839	1,447,038
Independent Living	981,754	1,094,236
Out-of-Home Care	11,543,864	7,328,447
Prevention	2,169,968	1,976,565
Other	1,619,220	1,895,110
Support Services:		
Administrative Services	2,179,654	2,022,543
Total Functional Expenses	54,368,972	44,510,459
Increase in Net Assets Without Donor Restriction	128,070	210,799
Net Assets at Beginning of Year	1,019,665	808,866
Net Assets at End of Year	$ 1,147,735	$ 1,019,665

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES							SUPPORT SERVICES		
	Adoptions	Case Management	Family Prevention	Independent Living	Out of Home Care	Prevention	Other	Administrative Services	2023 Totals	2022 Totals
Expenses										
Adoptions	$14,050,394	$ 3,211	$ -	$ -	$ 332	$ -	$ 326	$ 25,601	$ 14,079,864	$13,466,011
Case Management	-	9,685,069	-	94,471	-	-	-	36,326	9,815,866	7,585,799
Depreciation	-	-	-	-	-	-	-	80,467	80,467	61,037
Employee Support	17,964	5,469	-	515	20	100	1,792	9,585	35,445	28,965
Independent Living	-	-	-	794,599	-	-	-	-	794,599	887,378
Insurance	65,627	242,938	-	2,897	2,897	52,291	37,602	9,279	413,531	320,060
Non-financial Expense	90,405	-	270,398	-	159,257	132,515	-	-	652,575	492,492
Occupancy	59,865	547,083	-	1,013	555	102,134	44,015	23,942	778,607	724,423
Out-of-Home Care - Room and Board	-	840,568	-	-	10,334,176	-	-	-	11,174,744	7,187,539
Out-of-Home Care - Support	29,075	87,713	-	-	343,196	2,120	12,650	813	475,567	469,429
Purchased Services	145,164	111,032	956,441	-	636,236	870,476	19,448	121,784	2,860,581	2,973,239
Salaries and Benefits	1,459,401	5,640,294	-	87,020	59,731	936,717	948,336	217,878	9,349,377	7,119,614
Support	33,014	1,182,886	-	491	700	69,462	532,523	1,550,259	3,369,335	2,759,368
Telecommunication/ Information Technology	375	279,070	-	-	11	1,483	11,328	93,900	386,167	382,247
Travel, Meals, and Lodging	33,291	37,765	-	748	6,753	2,670	11,200	9,820	102,247	52,858
Total Expenses	$15,984,575	$ 18,663,098	$1,226,839	$ 981,754	$11,543,864	$2,169,968	$1,619,220	$ 2,179,654	$ 54,368,972	$44,510,459

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

	2023	2022
Cash Flows from Operating Activities		
Cash Receipts from Grants	$ 49,776,014	$ 41,178,886
Cash Receipts from Contracts	1,078,193	1,087,370
Cash Receipts from Contributions	929,338	601,850
Other Cash Receipts	15,883	22,003
Cash Reciepts from Restricted Client Trust Funds	(268,435)	164,138
Cash Paid to Employees	(9,176,192)	(7,107,739)
Cash Paid for Program Services and Other Operative Costs	(44,729,475)	(36,574,696)
Net Cash Used in Operating Activities	(2,374,674)	(628,188)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(137,058)	(157,597)
Net Cash Used in Investing Activities	(137,058)	(157,597)
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(2,511,732)	(785,785)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year (See Note 1)	4,353,947	5,139,732
Cash, Cash Equivalents and Restricted Cash, End of Year (See Note 1)	$ 1,842,215	$ 4,353,947
Supplemental Information		
Taxes Paid	$ -	$ 6,467
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	$ 2,926,995	$ -
Operating lease liability	$ 2,925,595	$ -

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

Note 1 - Summary of Significant Accounting Policies

General
Partnership for Strong Families, Inc. (the Organization) has entered into a contract with the State of Florida, Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, intensive residential treatments, independent living, family reunification, and family prevention, adoption, and appropriate related services. Support for these services is provided primarily by DCF. The Organization provides services in Alachua, Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Madison, Suwannee, Taylor, and Union Counties.

Basis of Financial Reporting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restriction**
  Net assets that are not subject to donor-imposed stipulations. Any restricted net assets that are received and expensed in the same fiscal year are classified as net assets without donor restrictions.

- **Net Assets With Donor Restrictions**
  Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. The Organization has no net assets with donor restrictions.

Cash and Cash Equivalents
The Organization considers all deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For purposes of the statements of cash flows, the Organization considers all deposit accounts, except client trust funds, to be cash and cash equivalents.

Revenues
In May 2014, the FASB issued *Accounting Standards Update* (ASU) 2014-09, *Revenue from Contracts with Customers*, which prescribes a single common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization adopted ASC 606 and all related amendments effective July 1, 2020. The adoption of the new standard had no impact on the Organization's financial statements.

Revenues are recognized when earned. Revenues consist of fees charged for adoption agency application, accreditation, reaccreditation, monitoring, and oversight fees. Fees charged for accreditation and approval are deferred and recognized over the time of the approval process, which is generally twelve months.

Liquidity and Availability of Financial Assets
The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

Financial Assets	$ 5,810,447
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$ 5,810,447

Note 1 - Summary of Significant Accounting Policies (continued)

Liquidity and Availability of Financial Assets (continued)
The Organization has an available line of credit to meet short-term operating needs if required (see Note 5). The Organization's financial assets consist of Cash and Cash Equivalents, Grants and Accounts Receivable, and other assets that could be liquidated in the short term. Client Trust Funds are restricted and not available for general expenditures.

Income Tax
The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income from unrelated business activities.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2020. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

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 amounts could differ from those estimates.

Grants Receivable
Grants receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account based on aging and historical trends.

Restricted Cash – Client Trust Funds
Cash restricted and set aside on behalf of clients is not available for operating purposes.

Property and Equipment
Property and equipment is recorded at cost. The Organization's capitalization threshold is $1,000. Depreciation is calculated by the straight-line method over estimated useful lives of three to fifteen years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Equipment repairs and maintenance are expensed as incurred. Property and equipment purchased with government grants will revert back to the grantor if the Organization ceases to exist. In addition, proceeds from the sale of such assets are to be returned to or expended upon approval by grantor.

Allocation of Supporting Services Expenses
The Organization's policy is to allocate the part of the supporting services expenses associated with programs to the individual programs, based on each program's direct program cost to total program costs.

Contributions
The Organization follows FASB ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions (continued)
Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, the net assets are released to net assets without donor restriction.

Non-Financial Asset Contributions
Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Donated materials and services are presented in the accompanying statement of activity as contributions of non-financial assets and non-financial expenses.

Professional contributed services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned. The Organization recognized the following in contributions:

Professional Services (non-financial contributions)	$	652,575
Cash		294,148
Total Contributions	$	946,723

Prior Period Information
The financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Deferred Revenue
Deferred revenue consists of carryforward funds received from DCF to be used for future periods. In the year ended June 30, 2023, there was no deferred revenue. The Organization ended the year with a receivable from DCF of $601,363.

Statement of Cash Flows
Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling $1,842,215 includes cash and cash equivalents of $1,664,301 and restricted cash of $177,914. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling $4,353,947 includes cash and cash equivalents of $3,907,752 and restricted cash of $446,195.

Note 1 - Summary of Significant Accounting Policies (continued)

Implemented ASU

The FASB issued the following ASU and was adopted by the Organization, effective July 1, 2022. The implementation did not significantly impact the Organization's financial statements:

- **ASU 2016-02, *Leases* (Topic 842)**— In February 2016, the FASB issued ASU 2016-02, *Leases*, that required lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modified the classification criteria for accounting for sales-type and direct financing leases. The Organization adopted ASU No. 2016-02 effective July 1, 2022. The impact of the adoption on the Organization's financial statements is disclosed in Note 8.

Note 2 - Accounts Receivable

Accounts receivable include amounts due from individuals for reimbursement of overpayments to foster or adoptive parents. Management reviews the accounts receivable on a monthly basis for uncollectible amounts.

Note 3 - Property and Equipment

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

Automobiles	$	677,259
Leasehold Improvements		132,729
Office Furniture and Equipment		1,553,177
(Accumulated Depreciation)		(2,067,093)
Total Property and Equipment	$	296,072

Depreciation expense was $80,467 for the year ended June 30, 2023.

Note 4 - Concentrations

Economic Dependency

The Organization receives a substantial portion of its support from the State of Florida. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Cash and Cash Equivalents

The Organization follows the cash management practice of sweeping all excess cash at the end of the day into overnight repurchase agreements. These agreements are uninsured but are collateralized by U.S. Government Agency securities that are held in the bank's name.

Note 5 - Line of Credit

The Organization maintains a $3,300,000 unsecured line of credit with Ameris Bank. The line of credit has a variable interest rate based on "Prime Rate" defined as a fluctuating rate of interest equal to the highest annual rate of interest, which is published from time to time in the "Money Rates" section of the Wall Street Journal. The Organization has no amounts outstanding as of June 30, 2023.

Note 6 – Investment in Community Based Care Integrated Health, LLC (CBCIH) & Community Based Care Casualty Insurance, LLC

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled $107,869 as of June 30, 2023. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. There was no deemed impairment for the year ended June 30, 2023.

During 2006, the Organization became a limited partner in the Community Based Care Partnership, Inc. (the Partnership) for the purpose of bidding on the State of Florida's Child Welfare Prepaid Mental Health Plan. The Partnership was ultimately awarded the agreement, and the Organization, as a limited partner, entered into a prepaid, capitated agreement with the Partnership beginning June 1, 2007. In May of 2014, the Partnership dissolved and the Organization became a limited partner in the CBCIH Integrated Health, LLC to continue providing care coordination and administrative services for both mental and general health for children in care. The Organization provided child welfare mental health services under the contract during the year ended June 30, 2023, recognizing revenue of $71,052.

During 2016, the Organization and four other Community Based Care Lead Agency corporations each made initial capital contributions of $50,000 to establish CBC Casualty Insurance, LLC (CBCCI). During 2020, an additional partner joined CBCCI. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Organization and the other four members each own 16.67% of CBCCI. The Organization's investment in CBCCI is valued at its original 2016 cost, which approximates fair value of $50,000 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

Note 7 - Retirement Plan

The Organization provides a 401(k) retirement program for all eligible employees. The plan is funded by both employee deferrals and an employer matching contribution. The employer matching contribution for the year ended June 30, 2023, was $223,606.

Note 8 – Operating Leases

As disclosed in Note 1, the Organization adopted ASU 2016-02, *Leases*, effective July 1, 2022, using the optional transition method. The Organization leases certain office space under agreements classified as operating leases which were required to be included on the statement of financial position under ASU 2016-02 at July 1, 2022 at their net present value of $2,926,995. The adoption of ASU 2016-02 had no impact to the prior year statement of financial position, and because the leases are operating leases, they had no impact on the results of the operations.

Note 8 – Operating Leases (continued)

As of June 30, 2023, the operating lease right of use (ROU) asset had a balance of $2,235,730, as shown in noncurrent assets on the statement of financial position; the operating lease liability is included in current liabilities ($735,500) and operating lease liabilities ($1,511,072). The operating lease asset and liability were calculated utilizing the weighted average discount rate (5.08%), as determined by the Internal Revenue Service. The weighted average remaining term of the operating leases is 4.5 years.

As of June 30, 2023, there were three short-term leases not included in the ROU asset as they were shorter than one year, and two leases that were not included in the ROU asset as their inclusion did not have a material impact to the financial statements. The future payments for these leases are $1,248, and these amounts are not included in the calculation of net present value of future payments. There are also variable costs related to the leases for common area maintenance (CAM) which were not included in the calculation of net present value of future payments.

Lease Costs:	
Operating lease cost	$ 820,341
Total lease cost	$ 820,341
Other Information:	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	$ 808,099
Total cash paid for amounts included in measuring operating lease liability	$ 808,099

Future minimum lease payments at year end are as follows:

Year ending June 31:	
2024	$ 735,500
2025	694,191
2026	439,355
2027	181,523
2028	130,057
Thereafter	325,276
Total lease payments	2,505,902
Less: interest	(259,330)
Present value of lease liability	$ 2,246,572

Note 9 - Litigation

At times, the Organization has been a defendant in various lawsuits. The Organization vigorously defends itself and the amount of any material liability would be covered by general liability insurance.

Note 10 - Related Entities

As of June 30, 2017, and shortly thereafter, the Board of Directors of the Organization formed four related entities including: Intercountry Adoption Accreditation and Maintenance Entity, Inc., (IAAME) a Florida not-for-profit 501(c)(3) corporation, Real Estate Acquisition for Children, LLC, a Florida limited liability corporation, Service Management Solutions for Children, Inc., a Florida not-for-profit 501(c)(3) corporation, and Technology and Solutions for Children, LLC, a Florida limited liability corporation.

As of June 30, 2023, amounts due from the related entities are as follows:

Amounts Due *from* Intercountry Adoption Accreditation and Maintenance Entity, Inc.	$ 10,685
Amounts Due *from* Real Estate Acquisitions for Children	117
Total Due *from* Related Entities	$ 10,802
Amounts Due *to* Service Management Solutions, Inc.	$ 376,039
Amounts Due *to* Technology and Solutions for Children, LLC	12,000
Total Due *to* Related Entities	$ 388,039

Amounts due from IAAME are for payroll related reimbursement costs.

During the year ended June 30, 2023, the Organization paid Service Management Solutions for Children, Inc. management fees totaling $2,462,238.

During the year ended June 30, 2023, the Organization paid Technology and Solutions for Children, LLC $12,000 for technology support.

During the fiscal year, the Organization made payments of approximately $1,148,637 to a company that provides counseling services to clients of the Organization. The company is owned by the spouse of a key employee of the Organization, who refrains from all decision-making responsibilities regarding these services.

Note 11 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 12, 2024, the date the financial statements were available to be issued.

The Organization’s investment in CBC Integrated Health, LLC is being withdrawn in the year ended June 30, 2024. The Organization is in the process of executing the appropriate paperwork to formalize the exit.

The Organization is currently in negotiations regarding the renewal of its contracts with the State of Florida. The Organization is anticipating the contract to be renewed.

SUPPLEMENTAL INFORMATION

PARTNERSHIP FOR STRONG FAMILIES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2023

Federal/State Grantor, Pass-Through Grantor, Program, Project, or Cluster Title	ALN/ CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Federal Awards				
U.S. Department of Health and Human Services				
Direct Award:				
Child Abuse and Neglect Discretionary Activities	93.670	N/A	$ -	$ 621,204
Passed Through State of Florida, Department of Children and Families:				
Marylee Allen Promoting Safe and Stable Families	93.556	CJ149	68,309	902,956
Social Services Block Grant	93.667	CJ149	10,512	1,410,554
Temporary Assistance for Needy Families - TANF Cluster	93.558	CJ149	1,631,990	3,489,561
Foster Care Title IV-E	93.658	CJ149	2,722,676	7,785,576
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CJ149	310,516	556,109
Adoption Assistance	93.659	CJ149	181,057	9,277,797
Medical Assistance Program	93.778	CJ149	-	263,032
John H Chafee Care Program for Successful Transition to Adulthood	93.674	CJ149	104,292	345,206
Chafee Education and Training Vouchers Program (ETV)	93.599	CJ149	-	21,216
Grants to States for Access and Visitation Programs	93.597	CJ149	-	31,164
Child Abuse and Neglect State Grants	93.669	CJ149	1,037	78,119
Guardian Assistance	93.090	CJ149	-	206,080
Adoption Incentive Payments	93.603	CJ149	-	22,698
Total Expenditures of Federal Awards and Health and Human Services			5,030,389	25,011,272
State Financial Assistance				
State of Florida, Department of Children and Families:				
Out-of-Home Supports	60.074	CJ149	713,390	4,348,604
CBC - Adoption Services	60.076	CJ149	-	256,813
CBC - Purchase for Therapeutic Services for Children	60.183	CJ149	-	408,559
Extended Foster Care Program	60.141	CJ149	-	117,829
The Independent Living and Road-to-Independence	60.112	CJ149	1,380	6,394
CBC - Sexually Exploited Children	60.138	CJ149	510	67,691
Guardianship Assistance Program	60.210	CJ149	-	106,422
Fatherhood Engagement Specialist	60.211	CJ149	-	213,625
Early Childhood Court Case Management & Prevention	60.225	CJ149	79,288	75,280
State Funded Child Care Subsidy	60.244	CJ149	-	876,741
Total Expenditures of State Financial Assistance and Department of Children and Families			794,568	6,477,958
Total Expenditures of Federal Awards and State Financial Assistance			$ 5,824,957	$ 31,489,230

The accompany notes are an integral part of this schedule.

PARTNERSHIP FOR STRONG FAMILIES INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation

The accompany Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal awards and state financial assistance activity of Partnership for Strong Families, Inc. (the Organization) under programs of federal and state government for the year ended June 30, 2023, in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

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 allowable or are limited as to reimbursement.

Only revenues earned in accordance with the contract terms are reported as expenditures on the Schedule.

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

Note 3 - Sub-Recipients

The Organization provided funding to the following sub-recipients as follows:

Camelot Community Care, Inc.	$	6,159,012
CDS Family and Behavioral Health Services, Inc.		327,738
Brehon		70,407
Florida United Methodist Church		451,092
Lutheran		3,393,823
Twin Oaks		584,862
One More Child		361,658
Haven Open Arms		551,739
Total	$	11,900,331

Passed Through Federal Awards	$	5,030,389
Passed Through State Awards		794,568
Subtotal		5,824,957
Passed Through State Matching Funds Awarded for Matching		6,075,374
Total	$	11,900,331

Note 4 – Matching Funds for Federal Programs

The following funds were provided by the State of Florida, through the Department of Children and Families as matching funds for the Federal Programs under Contract. CJ149 as follows:

Name of Program	ALN No.	Amount
Chafee Education and Training Vouchers Program (ETV)	93.599	$ 5,304
Stephanie Tubbs Jones Child Welfare Services Program	93.645	185,370
Adoption Assistance	93.659	5,554,633
Chafee Foster Care Independent Living	93.674	37,455
Medical Assistance Program	93.778	263,032
MaryLee Allen Promoting Safe and Stable Families	93.556	15,820
Temporary Assistance for Needy Families	93.558	834,223
Foster Care Title IV-E	93.658	6,225,137
Guardian Assistance	93.090	104,984
Tested Pursuant to OCA Activity	93.XXX	8,493,287
Total State Funds Awarded for Matching		$ 21,719,245

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

To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, 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 Partnership for Strong Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Partnership for Strong Families, 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 Partnership for Strong Families, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Partnership for Strong Families, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 12, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Partnership for Strong Families, Inc.'s compliance with the types of compliance requirements identified as subject to audit described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Partnership for Strong Families, Inc.'s major federal programs and state projects for the year ended June 30, 2023. Partnership for Strong Families, 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, Partnership for Strong Families, 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, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Chapter 10.650, Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.650, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Partnership for Strong Families, 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 Partnership for Strong Families, 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 Partnership for Strong Families, 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 Partnership for Strong Families, Inc.'s compliance based on our

Auditor's Responsibilities for the Audit of Compliance (continued)

audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Partnership for Strong Families, 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, 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 Partnership for Strong Families, 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 Partnership for Strong Families, 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, but not for the purpose of expressing an opinion on the effectiveness of Partnership for Strong Families, 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. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 12, 2024

PARTNERSHIP FOR STRONG FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on Whether the Financial Statements Audited were Prepared in Accordance with Generally Accepted Accounting Principles:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Non-compliance material to the financial statements noted?	No

Federal Awards and State Projects

Internal Control Over Major Federal Programs and State Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Auditor's Report Issued on Compliance for Major Federal Programs or State Projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656, *Rules of the Auditor General*?	No

Identification of Major Federal Programs and State Projects:

Federal Award Programs	ALN Number
U.S. Department of Health and Human Services:	
Passed Through State of Florida, Department of Children and Families:	
Adoption Assistance	93.659
MaryLee Allen Promoting Safe and Stable Families	93.556
Guardianship Assistance	93.090

State Financial Assistance Projects	CSFA No.
State of Florida, Department of Children and Families:	
Out-of-Home Supports	60.074
State Funded Child Care Subsidy	60.244

PARTNERSHIP FOR STRONG FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND
STATE FINANCIAL ASSISTANCE PROJECTS

<u>Federal Awards and State Projects (continued)</u>

Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs:	$ 750,000
Dollar Threshold Used to Distinguish Between Type A and Type B State Projects:	$ 750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

Other Issues

(a) No management letter is required because there were no findings required to be reported in the management letter (Section 10.656(3)(e), *Rules of the Auditor General*).

(b) No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal Programs or State Projects (Sections 10.557(3)(e)5. and 10.656(3)(d)5, *Rules of the Auditor General*).