

REFUGE HOUSE, INC.
Tallahassee, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Refuge House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Refuge House, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Refuge House, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the State of Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of Refuge House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Refuge House, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Refuge House, Inc.'s internal control over financial reporting and compliance.

Thomson Black & Veatch Company

Tallahassee, Florida
March 25, 2024

REFUGE HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 449,340	\$ 895,252
Grants receivable	566,495	415,089
Prepaid expenses	23,974	19,037
TOTAL CURRENT ASSETS	1,039,809	1,329,378
NON-CURRENT ASSETS		
Property and equipment, net	2,853,718	2,897,385
Right-of-use assets (Operating), net	57,330	-
Right-of-use assets (Finance), net	15,597	-
Other assets	5,202	5,202
	2,931,847	2,902,587
	\$ <u>3,971,656</u>	\$ <u>4,231,965</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 238,612	\$ 180,261
Accrued expenses	160,103	97,272
Current portion of notes payable	60,442	87,380
Current portion of finance lease obligation	7,737	-
Current portion of operating lease obligation	30,839	-
Current portion of capital lease obligations	-	7,730
TOTAL CURRENT LIABILITIES	497,733	372,643
LONG-TERM LIABILITIES		
Finance lease obligation, less current portion	3,399	-
Operating less obligation, less current portion	27,344	-
Notes payable, less current portion	1,390,144	1,392,173
Capital lease obligations, less current portion	-	15,870
	1,420,887	1,408,043
TOTAL LIABILITIES	1,918,620	1,780,686
NET ASSETS		
Without donor restrictions	1,674,590	2,043,531
With donor restrictions	378,446	407,748
TOTAL NET ASSETS	2,053,036	2,451,279
	\$ <u>3,971,656</u>	\$ <u>4,231,965</u>

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 2,625,669	\$ -	\$ 2,625,669
Other income	26,636	-	26,636
Contributions	<u>315,279</u>	<u>-</u>	<u>315,279</u>
	2,967,584	-	2,967,584
Net assets released from restrictions	<u>29,302</u>	<u>(29,302)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	2,996,886	(29,302)	2,967,584
EXPENSES			
Program services:			
Domestic violence prevention and services	2,189,744	-	2,189,744
Sexual violence prevention and services	<u>464,798</u>	<u>-</u>	<u>464,798</u>
Total program services	2,654,542	-	2,654,542
Supporting services:			
General and administrative	688,846	-	688,846
Fundraising	<u>22,439</u>	<u>-</u>	<u>22,439</u>
Total supporting services	<u>711,285</u>	<u>-</u>	<u>711,285</u>
TOTAL EXPENSES	<u>3,365,827</u>	<u>-</u>	<u>3,365,827</u>
CHANGE IN NET ASSETS	(368,941)	(29,302)	(398,243)
BEGINNING NET ASSETS	<u>2,043,531</u>	<u>407,748</u>	<u>2,451,279</u>
ENDING NET ASSETS	\$ <u><u>1,674,590</u></u>	\$ <u><u>378,446</u></u>	\$ <u><u>2,053,036</u></u>

See accompanying notes.

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

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

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services		Supporting Services		Total Expense
	Domestic Violence Prevention and Services	Sexual Violence Prevention and Services	General and Administrative	Fundraising	
Personnel	\$ 1,518,420	\$ 323,121	\$ 212,074	\$ -	\$ 2,053,615
Lease expense	125,085	30,212	36,353	-	191,650
Depreciation	71,424	-	105,728	-	177,152
Repairs and maintenance	126,501	-	31,698	-	158,199
Professional fees	5,124	10,533	116,976	-	132,633
Utilities	107,928	5,421	11,700	-	125,049
Insurance	6,268	10,923	78,485	-	95,676
Communication	54,870	19,073	15,019	-	88,962
Other program expenses	51,398	31,200	1,478	-	84,076
Interest	60,669	-	3,434	-	64,103
Office	8,733	3,942	32,881	-	45,556
Contracted services	5,035	22,682	1,225	-	28,942
Equipment rental and maintenance	23,113	2,224	2,481	-	27,818
Fundraising	-	-	-	22,439	22,439
Litigation settlement loss	-	-	15,000	-	15,000
Amortization expense	9,720	935	1,043	-	11,698
Dues and subscriptions	1,698	-	9,541	-	11,239
Other	354	-	9,648	-	10,002
Travel	7,642	931	849	-	9,422
Licenses and fees	5,762	420	1,561	-	7,743
Training	-	3,181	1,672	-	4,853
Supplies	-	-	-	-	-
Public Awareness	-	-	-	-	-
Total expenses	\$ <u>2,189,744</u>	\$ <u>464,798</u>	\$ <u>688,846</u>	\$ <u>22,439</u>	\$ <u>3,365,827</u>

See accompanying notes.

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

	Program Services		Supporting Services		Total Expense
	Domestic Violence Prevention and Services	Sexual Violence Prevention and Services	General and Administrative	Fundraising	
Personnel	\$ 1,371,878	\$ 395,974	\$ 210,458	\$ -	\$ 1,978,310
Rent expense	56,252	45,278	5,041	-	106,571
Depreciation	74,113	-	105,584	-	179,697
Repairs and maintenance	72,428	8,162	7,885	-	88,475
Professional fees	10,334	3,575	68,958	-	82,867
Utilities	98,467	5,221	8,908	-	112,596
Insurance	21,496	12,922	50,246	-	84,664
Communication	51,204	20,383	8,808	-	80,395
Other program expenses	5,843	-	-	-	5,843
Interest	53,423	-	-	-	53,423
Office	11,955	12,508	8,298	-	32,761
Contracted services	-	-	65,610	-	65,610
Equipment rental and maintenance	5,532	1,194	1,422	-	8,148
Fundraising	-	-	-	8,422	8,422
Litigation settlement loss	-	-	-	-	-
Amortization expense	-	-	-	-	-
Dues and subscriptions	1,521	-	7,714	-	9,235
Other	3,804	6,482	3,169	-	13,455
Travel	24,566	3,894	1,762	-	30,222
Licenses and fees	606	192	3,397	-	4,195
Training	-	1,895	150	-	2,045
Supplies	3,804	-	9,196	-	13,000
Public Awareness	-	10,797	436	-	11,233
Total expenses	\$ <u>1,867,226</u>	\$ <u>528,477</u>	\$ <u>567,042</u>	\$ <u>8,422</u>	\$ <u>2,971,167</u>

See accompanying notes.

REFUGUE HOUSE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributions	\$ 2,816,178	\$ 3,014,731
Cash payments to employees and employment taxes	(1,991,244)	(2,019,656)
Cash payments to vendors and service providers	(1,009,267)	(593,346)
Interest paid	(34,801)	(37,231)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(219,134)	364,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(160,780)	(27,429)
NET CASH USED IN INVESTING ACTIVITIES	(160,780)	(27,429)
CASH FROM FINANCING ACTIVITIES		
Payment of principal on notes payable	(146,537)	(57,555)
Additions of principal on notes payable	88,269	-
Payment of principal on obligations under capital/finance leases	(7,730)	(7,730)
NET CASH USED IN FINANCING ACTIVITIES	(65,998)	(65,285)
NET (DECREASE) INCREASE IN CASH	(445,912)	271,784
CASH AT BEGINNING OF YEAR	895,252	623,468
CASH AT YEAR END	\$ 449,340	\$ 895,252

See accompanying notes.

REFUGE HOUSE, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (398,243)	\$ 70,342
Adjustments to change in net assets to net cash provided by operating activities:		
Depreciation expense	177,152	179,697
Amortization expense	11,698	-
Imputed interest	29,302	28,379
Decrease (increase) in assets:		
Grants and contracts receivable	(151,406)	(26,778)
Prepaid expenses	(4,937)	(2,166)
Other assets	-	(1,000)
Increase (decrease) in liabilities:		
Accounts payable	58,351	157,682
Accrued expenses	62,831	(41,658)
Lease obligations	(3,882)	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (219,134)	\$ 364,498
Supplemental schedule of non-cash investing and financing activities:		
Purchase of prepaid insurance with related note payable	\$ 18,857	\$ 21,091

See accompanying notes.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A summary of significant accounting policies is presented below:

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

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

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

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

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

Property and Equipment - Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five (5) to thirty-nine (39) years.

Income Taxes - The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization files income tax returns in the U.S. Federal jurisdiction. The Organization's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases - The Organization determines if a contract contains a lease at inception. GAAP requires that the Organization's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the date the Organization takes possession of the premises/equipment (the "commencement date"), and the lease term used in the evaluation includes the noncancellable period for which the Organization has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option would result in an economic penalty.

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

REFUGUE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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

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

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

Revenue Recognition - The Organization receives most of its grant and contract revenue from Federal, state and local agencies. The Organization recognizes contract revenue (up to the contract ceiling) from its contracts over a period which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract.

NOTE 2 – SIGNIFICANT FUNDING SOURCE

The Organization receives a substantial amount of its funding from the U.S. Department of Health and Human Services, U.S. Department of Justice, and State of Florida Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Demand Deposits - The Organization maintains cash deposits with one financial institution. The Organization has no policy requiring collateral to support its cash deposits. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2023 and 2022, the Organization’s uninsured cash balance amounted to \$39,317 and \$655,943, respectively.

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

NOTE 4 – LINE OF CREDIT

At June 30, 2023, the Organization had an unused \$125,000 line-of-credit with the bank to be drawn upon as needed. The variable interest rate is 1.25% above the lender’s prime rate, and is payable monthly, collateralized by property and equipment, receivables, and other miscellaneous assets of the Organization. The line-of-credit balance as of June 30, 2023 and 2022 was \$0 for both years.

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 386,183	\$ 386,183
Building and improvements	5,076,496	4,921,121
Furniture and equipment	506,965	548,351
	5,969,644	5,855,655
Less: Accumulated depreciation	(3,115,926)	(2,958,270)
	\$ 2,853,718	\$ 2,897,385

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$177,152 and \$179,697, respectively.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 – NOTES PAYABLE

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

	2023	2022
6.00% note payable to bank, payable in monthly installments of \$5,225 including interest, through February 24, 2034, collateralized by real estate.	\$ 491,459	\$ 522,789
Noninterest-bearing note payable to a Florida state agency, with an original principal balance of \$840,330, due in full February 24, 2034. The note is discounted at an imputed interest rate of 3.25%, collateralized by real estate. At the end of each year the Organization amortizes the discount on the loan by recording interest expense and increasing the loan balance.	597,444	578,638
Noninterest-bearing note payable to a Florida state agency, with an original principal balance of \$469,008, due in full February 24, 2034. The note is discounted at an imputed interest rate of 3.25%, collateralized by real estate. At the end of each year the Organization amortizes the discount on the loan by recording interest expense and increasing the loan balance.	333,448	322,952
7.00% note payable to bank, payable in monthly installments of \$2,946 through June 25, 2023, collateralized by property and equipment, receivables, and other miscellaneous assets.	2,958	34,083
0.00% insurance premium financing, payable in monthly installments of \$7,788 through December 2024, the financing is uncollateralized.	<u>25,277</u> 1,450,586	<u>21,091</u> 1,479,553
Less: current portion of long-term debt	<u>(60,442)</u>	<u>(87,380)</u>
	\$ <u>1,390,144</u>	\$ <u>1,392,173</u>

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 6 – NOTES PAYABLE (Continued)

The carrying value of the non interest bearing notes is shown net of total unamortized discount of \$378,446 and \$407,748 as of June 30, 2023 and 2022, respectively. Amortization of the discounts is reported in the Statements of Activities as interest expense and amounted to \$29,302 and \$28,379 for the years ending June 30, 2023 and 2022, respectively.

At June 30, 2023, maturities were as follows:

Year Ending June 30,	Amount
2024	\$ 60,442
2025	36,949
2026	39,227
2027	41,647
2028	44,216
Thereafter	<u>1,228,105</u>
	1,450,586
Unamortized discount	<u>378,446</u>
	<u>\$ 1,829,032</u>

NOTE 7 – LEASES

Operating lease right-of-use assets represent the Organization’s right to use the underlying assets for the lease term and operating lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Operating lease liabilities and operating lease right-of-use assets are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. Lease amortization expense is recognized on a straight-line basis over the expected lease term. As a result of adopting ASC 842 on July 1, 2022, the Organization recognized operating lease liabilities and operating lease right-of-use assets on its Statements of Financial Position.

Finance lease right-of-use assets represent the Organization’s right to use the underlying assets for the lease term, and finance lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Finance lease liabilities and finance lease right-of-use assets are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term, in compliance with ASC 842 requirements. Lease amortization expense for finance leases is recognized using the effective interest method, resulting in a front-loaded expense recognition pattern. This means that interest expense decreases over time as the lease liability is repaid, while the amortization of the leased asset remains constant over the lease term.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – LEASES (Continued)

Operating Lease:

The Organization entered into a lease agreement for office space on May 1, 2022. The lease has an initial term of thirty-six (36) months with monthly lease payments amounting to \$2,625, increasing by 3% annually.

Finance Lease:

The Organization entered into a lease agreement for office equipment on August 1, 2019. The lease has a term of sixty-three (63) months and has monthly payments amounting to \$693.

The following table summarizes the Organization’s operating leases, finance leases, weighted average remaining lease term and weighted average discount rate:

Operating Lease:

Assets:	
Operating Lease Right-of-Use Assets	
Office Space	\$ <u>57,330</u>
Liabilities:	
Current operating lease liability	\$ 30,839
Noncurrent operating lease liability	<u>27,344</u>
	\$ <u>58,183</u>
Weighted average remaining lease terms	1.83 yrs
Weighted average discount rate	4.00%

Finance Lease:

Assets:	
Operating Lease Right-of-Use Assets	
Office equipment	\$ <u>15,597</u>
Liabilities:	
Current operating lease liability	\$ 7,737
Noncurrent operating lease liability	<u>3,399</u>
	\$ <u>11,136</u>
Weighted average remaining lease terms	1.33 yrs
Weighted average discount rate	7.50%

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – LEASES (Continued)

Operating lease expense for the year ended June 30, 2023 was \$32,510 and short-term and variable lease expenses were \$159,140. Rent expense was \$106,571 for the year ended June 30, 2022, prior to the adoption of ASC 842.

Noncash right-of-use asset (operating) recorded for lease liabilities for the year ended June 30, 2023 are as follows:

- For July 1, 2022 adoption of ASC 842 right-of-use asset amounted to \$86,885
- In exchange for lease liabilities during the year was \$86,885

Noncash right-of-use asset (financing) recorded for lease liabilities for the year ended June 30, 2023 are as follows:

- For July 1, 2022 adoption of ASC 842 right-of-use asset amounted to \$27,295
- In exchange for lease liabilities during the year was \$23,600

The following table reconciles the future minimum lease payments on an undiscounted cash flow basis to the lease liability reported in the balance sheet as of June 30, 2023:

Operating Lease:

Year Ending June 30,	Amount
2024	\$ 32,607
2025	<u>27,849</u>
	60,456
Less: interest	<u>(2,273)</u>
Total minimum future rental payments	<u>\$ 58,183</u>

Finance Lease:

Year Ending June 30,	Amount
2024	\$ 8,310
2025	<u>3,463</u>
	11,773
Less: interest	<u>(637)</u>
Total minimum future rental payments	<u>\$ 11,136</u>

REFUGUE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – MATCHING REQUIREMENTS

The Organization received a portion of its support through grants and contracts. Certain grants and contracts require the Organization to provide specified amounts of matching revenue. For each contract, where applicable, the Organization has met all matching requirements. Also, for each contract that ended on or before June 30, 2023, no obligation remains outstanding to the funding source.

NOTE 9 – PENSION PLAN

The Organization sponsors a defined contribution pension plan. Eligible employees are those that are at least 21 years old and have been employed with the Organization for at least one year. The Organization contributes up to 3% of the employee’s salary. The amount of pension plan expense for the years ended June 30, 2023 and 2022 was \$11,557 and \$13,423, respectively.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Unamortized discount on below market rate loans	\$ <u>378,446</u>	\$ <u>407,748</u>

NOTE 11 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 449,340	\$ 895,252
Grants and contracts receivable	<u>566,495</u>	<u>415,089</u>
Financial assets available to meet cash needs expenditures within one year	\$ <u>1,015,835</u>	\$ <u>1,310,341</u>

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 12 – CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 25, 2024 the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the Organization adopted the provisions of Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASC 842 supersedes all previous guidance on accounting for leases by lessees and lessors. ASC 842 establishes a single model for lease accounting based on the foundational principle that leases are a right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset (ROU). The Organization adopted the requirements of the new guidance as of July 1, 2022. No adjustment to net assets at July 1, 2022 was needed as a result of adopting the new guidance. See Note 7 for further details.

As permitted under the transition guidance upon adoption of ASC 842, the Organization elected the following practical expedients:

- The simplified approach to not recast comparative periods and to apply the new lease standard on a prospective basis beginning in the year of initial adoption;
- The package of practical expedients to not reassess the lease determination, lease classification or initial direct costs for leases commenced prior to adoption;
- The component election to not separate lease and non-lease components in all arrangements that contain a lease;
- The short-term lease recognition exemption whereby lease-related assets and liabilities are not recognized for arrangements with initial lease terms of one year or less; and
- The accounting policy election to use the risk-free rate as the discount rate for all lease classes.

REFUGE HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 15 – RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 16 – SUBSEQUENT EVENT

The Organization was named as the defendant in a lawsuit. The case is in the process of being settled out of court. The damages are probable and can be reasonably estimated at \$15,000. At June 30, 2023, a payable in the amount of \$15,000 has been recognized in the statement of financial position, with a litigation settlement loss of \$15,000 in the statement of activities.

SUPPLEMENTARY INFORMATION

REFUGE HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2023

Grantor/Program Title	CFDA Number	Contract Number	Expenditures
FEDERAL EXPENDITURES			
<u>U.S. Department of Justice:</u>			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0029	\$ 171,188
Passed Through Florida Council Against Sexual Violence, Inc.: Violence Against Women Formula Grants	16.588	20STO04	139,237
Passed Through State of Florida, Office of the Attorney General:			
Crime Victim Assistance	16.575	VOCA-2021-Refuge House, Inc.-00748	68,614
Crime Victim Assistance	16.575	VOCA-2021-Refuge House, Inc.-00749	54,007
Crime Victim Assistance	16.575	VOCA-2022-Refuge House, Inc.-00721	<u>235,345</u>
			357,966
<u>U.S. Department of Housing and Urban Development</u>			
Continuum of Care Program	14.267	FL077D4H061900	37,197
<u>U.S. Department of Health and Human Services</u>			
Passed Through Florida Council Against Sexual Violence, Inc.: Injury Prevention and Control Research and State Community Based Programs	93.136	21RPE04	74,518
Passed Through State of Florida, Department of Children and Families:			
American Rescue Plan - COVID-19	93.671	LN226	54,844
Temporary Assistance for Needy Families	93.558	LN149	66,311
Temporary Assistance for Needy Families	93.558	LN226	218,693
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	LN149	57,089
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	LN226	<u>261,376</u>
			<u>658,313</u>
			<u>732,831</u>
Total expenditure of federal awards			\$ <u>1,438,419</u>

See independent auditors' report and accompanying notes.

REFUGE HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>CFDA\ CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
STATE EXPENDITURES			
<u>Department of Legal Affairs - Office of the Attorney General</u>			
Passed Through Florida Council Against Sexual Violence, Inc.:			
Florida Council Against Sexual Violence	41.010	22OAG04	\$ 17,089
<u>Florida Department of Children and Families:</u>			
Domestic Violence Program	60.134	LN149	88,324
Domestic Violence Program	60.134	LN226	365,832
Child Abuse Domestic Violence Training	60.139	LN149	46,278
Child Abuse Domestic Violence Training	60.139	LN226	<u>155,999</u>
			656,433
<u>Florida Department of Health</u>			
Passed Through Florida Council Against Sexual Violence, Inc.:			
Rape Crisis Program Trust Fund	64.061	16TFGR04	56,303
Rape Crisis Center	64.069	16TFGR04	<u>118,187</u>
			<u>174,490</u>
Total expenditures of state financial assistance			\$ <u>848,012</u>

See independent auditors' report and accompanying notes.

REFUGE HOUSE, INC.
NOTES TO SCHEDULE OF EXPENDITURES ON FEDERAL AWARDS AND
STATE FINANCIAL STATEMENTS
Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the Federal awards and State assistance activity of Refuge House, Inc. under programs of the federal government and state of Florida for the year ended June 30, 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 State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Refuge House, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Refuge House, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMIS COST RATE ELECTION

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

NOTE 4 - SUBRECIPIENTS

For the year ended June 30, 2023, there were no amounts passed through to subrecipients.

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

MEMBERS

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LUGER & COMPANY

Certified Public Accountants and Business Advisors

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ANN MARIE BACHMAN, C.P.A.
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KELLY VAZQUEZ, C.P.A.
SAWYER SCHMOOKLER, C.P.A.
REBEKAH E.A. GRIFFIN, C.P.A.
OF COUNSEL
HAROLD A. BROCK, JR. C.P.A.
W. FREDERICK THOMSON, C.P.A.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Refuge House, Inc., which comprise the statement of financial position as of June 30, 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 25, 2024.

Report on Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

Refuge House, Inc.'s Response to Findings

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

Compliance and Other Matters

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

Purpose of this Report

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

Thomson Brock Impact Company

Tallahassee, Florida
March 25, 2024

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Refuge House, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and Florida State Projects Compliance Supplement that could have a direct and material effect on each of Refuge House, Inc.'s major federal programs and state projects for the year ended June 30, 2023. Refuge House, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Refuge House, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 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 State of Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General*, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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, *Rules of the State of Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Thomson Black & Veatch Company

Tallahassee, Florida
March 25, 2024

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part A - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major Federal programs:

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

Types of auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR200.516(a)? X no

Identification of major programs:

Federal Program	Federal CFDA Number
Temporary Assistance for Needy Families	93.558
Family Violence Prevention and Services/Domestic Violence	93.671

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

Auditee qualified as low-risk auditee? yes X no

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part A - SUMMARY OF AUDIT RESULTS (Continued)

State Financial Assistance

Internal control over financial reporting:

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

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

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

Identification of major projects:

State Project	State CSFA Number
Domestic Violence Program	60.134
Child Abuse Domestic Violence Training	60.139
Dollar threshold used to distinguish between type A and type B state projects:	\$300,000

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part B - FINANCIAL STATEMENTS FINDINGS

Finding 2023-001: Material Adjustments for Grants Receivable and Accounts Payable – Material Weakness

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

Condition: Proper cut-off of grant receivables and amounts due back to grantors was not properly recognized by management. Material journal entries were required in order for the grants receivable, accounts payable and revenue to be fairly stated in accordance with GAAP.

Cause: Reimbursement requests for expenses incurred during the fiscal year were made for multiple grants, but the corresponding receivables were not properly recorded by June 30, 2023, leading to an understatement of revenue in the fiscal year. Additionally, the Organization’s CFO terminated in February 2023 and management utilized the services of an outside contractor to help perform the accounting function until they were able to fill the position. This turnover led to changes in accounting practices.

Effect: Financial statements were materially misstated.

Recommendation: We recommend that management recognize grant revenue as receivables for reimbursable grants in which the reimbursement requested is related to activity in the fiscal year.

Finding 2023-002: Cost Allocation to Proper Fund Codes in Accounting System and Proper Close out of Grant Funds in Accounting System – Material Weakness

Criteria: Adequate internal controls are necessary to ensure that expenditures are being allocated to the correct grants so that the Organization can receive reimbursement for the allowed expenditure incurred.

Condition: Costs not being allocated to proper Funding Source (“F/S”) codes in the accounting system led to underfunded reimbursement requests for multiple grants. Additionally, grant reimbursement requests were not all generated from the accounting system and did not match up to the underlying accounting records. This led to under reimbursed grant funding.

Cause: Allowable expenses were not properly allocated to the grant through F/S codes or reporting was performed from outside of the accounting system and not reconciled to the system. Additionally, the Organization’s CFO terminated in February 2023 and management utilized the services of an outside contractor to help perform the accounting function until they were able to fill the position. This turnover led to changes in accounting practices and other staff helping prepare reimbursement requests for grants.

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Effect: More expenditures were recorded to grants than what was received, and reimbursements requests were not being made that reconciled to the accounting system. Allowable expenses for multiple grants were not fully reimbursed resulting in non-grant funding to cover the deficit.

Recommendation: We recommend that management review the cost allocation plan and that the Controller review entries made into the accounting system for proper allocation. Additionally, all financial grant reporting should go through the accounting department and be reconciled to the accounting system. A proper close out of these funds should occur at the end of each grant period, matching total revenue received to total expenses incurred.

Finding 2023-003: Internal Controls over Cash Disbursements – Significant Deficiency

Criteria: Adequate internal controls are necessary to ensure that cash disbursements are being reviewed and approved by management prior to being paid.

Condition: We noted deficiencies in the following internal control procedures while performing our tests of cash disbursements:

- We noted seven (7) of the forty (40) disbursements tested did not have the Accounts Payable checklist signed off by management.
- We noted that four (4) of the forty (40) disbursements tested were checks over \$10,000. Three (3) of those four (4) checks did not have dual authorized signatures present.
- We were unable to obtain a copy of the cleared check for one (1) of the forty (40) disbursements tested.

Cause: The Organization's CFO terminated in February 2023 and management utilized the services of an outside contractor to help perform the accounting function until they were able to fill the position. This turnover led to changes in accounting practices.

Effect: Internal controls were not working as designed, additional substantive testing was performed for this audit area.

Recommendation: We recommend that management review its design of internal controls and ensure that proper documentation is being retained to show that cash disbursements are being review and approved prior to payment.

Part C - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

REFUGE HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part D – FEDERAL AWARD SCHEDULE PRIOR YEAR FINDINGS

Finding 2022-001: Material Adjustment for Imputing Interest on Below Market Loans - Material Weakness (CORRECTED)

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

Status: Management has posted the material adjustment from the prior year and the loans are being amortized properly. This finding is considered to be corrected.

Part E – STATE PROJECT FINDINGS AND QUESTIONED COSTS

None.

Part F – STATE PROJECT PRIOR YEAR AUDIT FINDINGS

None.



Refuge House
Stop the Violence!

DOMESTIC VIOLENCE ❖ RAPE CRISIS

Refuge House Corrective Action Plan

Finding Number: 2023-001

Corrective Action: With the new CFO in place for fiscal year 2024, Refuge House has already made adjustments to ensure grant revenue receivables are recorded correctly. These are reviewed on a monthly basis during reconciliations.

Anticipated Completion Date: June 30, 2024

Responsible Contact Person: Katherine Del Signore

Finding Number: 2023-002

Corrective Action: With the new CFO in place for fiscal year 2024, Refuge House has already made adjustments and put new internal controls in place so that expenditures are assigned to grants before being entered into the accounting system. All grant reports are generated directly from reports pulled from the accounting system.

Anticipated Completion Date: June 30, 2024


Responsible Contact Person: Katherine Del Signore

Finding Number: 2023-003

Corrective Action: With the new CFO in place for fiscal year 2024, Refuge House has already made changes to internal controls to ensure proper documentation is reviewed and retained, then approved by appropriate personnel before disbursements are made.

Anticipated Completion Date: June 30, 2024

Responsible Contact Person: Katherine Del Signore


Emily Mitchem
Executive Director
Refuge House, Inc.



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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TBL

THOMSON BROCK
LUGER & COMPANY

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

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Refuge House, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated March 25, 2024

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated, March 25, 2024 should be considered in conjunction with this management letter.

Additional Matters

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

PRIOR YEAR COMMENTS:

1. Reconcile Donor Database with Accounting System - CORRECTED

In the prior year, we noted that the database was not complete, and some items were recorded to MIP that were not included in the database. We recommended that the database be reconciled with the accounting system periodically to ensure that it is complete. In the current year, we were able to reconcile the database to the accounting system within a reasonable range. This comment is considered to be corrected.

2. Noncash Donations Recorded in the Accounting System

In the prior year, we were not able to trace noncash donations in the donor database into the accounting system. In the current year, we were also unable to trace non-cash or in-kind contributions to the accounting system, management implemented a policy to only record items over \$2,500, which we did not identify any in the database. However, there does appear to be a large volume of non-cash items donated to the Organization's programs, especially around the holiday season. We recommend that management lower this threshold to a more reasonable threshold and use guidance in FASB ASC 820 to apply a fair market value to the contributions and record them in the accounting system.

Management's Response: Management will review our Gift Acceptance Policy with the Development and Resource Committee to potentially lower the threshold of recording non-cash gifts to \$500 or more.

3. Late Filed Reports on STOP Grant - CORRECTED

In the prior year, we noted that 3 of the 5 financial reports tested for the STOP grant were filed late. We recommended that management work with the grantor to obtain extensions whenever possible to avoid late report filings. In the current year, we noted no late filed reports for the major federal programs or state projects selected for testing.

4. Recording Financed Insurance Loan

In the prior year, an adjustment was required to record the accurate value of the remaining loan balance as of June 30, 2022. In the current year, we had to propose an adjustment to record the financed insurance loan. We continue to recommend that management record these adjustments in the future as part of their process in closing the books.

Management's Response: As of fiscal year 2024, a loan schedule has been created to make year-end adjustments moving forward prior to the audit engagement. This was one of the tasks that fell through without a CFO in place in fiscal year 2023.

5. Revenue from SANE program at SAFE Center

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

Management's Response: As of fiscal year 2024, we have been recording this revenue as receivables. However, due to lack of documentation from OAG, the revenue that comes in doesn't always match the invoices which has made it difficult to pair. We will continue working with OAG to improve this process.

6. Donations with Restrictions

In the prior year, we noted that the Organization does not have a process in place to track donations received with restrictions. In the current year, management was able to provide documentation on how restrictions were met for restricted contributions, but there was still no process in place to track these items. We continue to recommend that management develop a system to track contributions with donor restrictions and how they are released from restriction.

Management's Response: Discussions have been held regarding obtaining donation management software to help track donation restrictions, which will make it easier to track restrictions and how they are released from restriction.

7. De Minimis 10% Indirect Cost Rate – CORRECTED

In the prior year, we noted that two of the federal grants received the 10% De Minimis indirect allocation rate, but no other federal grant received a negotiated rate or uses the De Minimis 10% rate. Uniform Guidance requires that if the rate is used for one program that it is used for all programs. In the current year, the Organization stopped using the rate on the two federal grants. This comment is considered to be corrected.

8. Cost Allocation Plan

Management has a Cost Allocation Plan that meets the standards of 2 CFR 200.430 *Compensation – Personal Services*. The cost allocation plan requires that employees use actual time to allocate costs between programs. It also requires indirect costs to be pooled and allocated based on a ratio of direct costs. In the prior year, while testing the plan, we noted that salaried personnel were being allocated to funding sources based on predetermined percentages which were being certified by either the staff (if management) or direct supervisor. In accordance with 2 CFR 200.430(i)(1)(viii), Budget estimates alone do not qualify as support for charges to Federal awards, but may

be used for interim accounting purposes. Additionally, there is no indication that indirect compensation for management positions is being allocated in accordance with the indirect cost portion of the Plan. In the current year, this process was unchanged. We continue to recommend either of the following:

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

Management's Response: As of fiscal year 2024, the cost allocation plan has been amended to accommodate salaried positions allocated to programs in accordance with the new payroll software that was implemented.

CURRENT YEAR COMMENTS:

1. Programmatic Report Statistics

Management was unable to replicate the statistics reported to the Florida Department of Children and Families ("DCF") in the programmatic reports that were sampled. DCF uses a system called OSNIUM and management is required to fill in statistical information to complete report filings. Through discussions with the Assistance Director, it appears to be a system issue that causes the reports to be different each time. Management does retain their own statistics internally to track the progress of their programs. No recommendation is being made at this time.

Management's Response: As discussed with the auditors, Refuge House has no ability to reconcile client data with the Department of Children and Families OSNIUM data base. Across the Florida, certified domestic violence shelters are contractually required to enter client demographic information into OSNIUM. We are the required to submit reports, generated by OSNIUM, to DCF. The data base is known to be flawed and does not produce accurate reports. DCF is aware and has acknowledged the issue. Refuge House maintains a separate Excel spreadsheet to track client demographics. Refuge House spreadsheets will not reconcile with OSNIUM reports because OSNIUM data is used to generate OSNIUM reports.

2. Online Line Banking and Credit Card Credentials

While gaining an understanding of internal controls, we noted that management still uses the login credentials of previous members of management that are no longer employed by the Organization. We recommend that authorized users obtain their own login information for the respective platforms that are being accessed.

Management's Response: The executive director will continue to work with Synovus to resolve the issue regarding obtaining individual log in information.

3. Reconciled Bank Items not Assigned to Funding Code

While testing the bank reconciliations, we noted that various items that cleared the bank were categorized as unassigned. These items are left as unassigned until they can be posted to a “F/S” code, which is related to each grant. If costs are not posted to a code, they may not be included in expense reimbursement requests. We recommend management develop a process to ensure costs are properly posted to a funding code in MIP in a reasonable amount of time.

Management’s Response: As of fiscal year 2024, this has been corrected with new internal controls in place so that this no longer occurs. Now, before expenses are entered into the system, the CFO reviews them and allocates them to respective grants in accordance to grant guidelines, budgets, and the cost allocation plan.

4. Old Uncleared Items in Bank Reconciliation

While testing the bank reconciliation, we noted multiple transactions totaling \$5,372 that were more than three (3) months old as of June 30, 2023, which had not cleared the bank. We recommend that management implement a process to follow up on uncleared transactions in a timely manner and either reissue or void payments as necessary.

Management’s Response: As of fiscal year 2024, we have implemented a new process regarding uncleared transactions after 90 days. This is now reviewed quarterly. This notation was due to lack of oversight due to no CFO in place during fiscal year 2023.

5. Hourly Timesheets Program Reference

While testing the timesheets for hourly employees, we noted that they referred to “Program 1” and “Program 2” but these references ultimately did not mean any specific program. We recommend that management review the timesheets and update them accordingly to refer to the programs in which the Organization operates so that time can be recorded and allocated properly.

Management’s Response: As of fiscal year 2024, this is no longer part of practice due to transition to the new payroll system that automates employee program allocations in accordance with the cost allocation plan and each grant.

6. Payroll Liability Accounts

While testing payroll liability accounts, we noted discrepancies in the liability accounts when compared to the supporting documentation. We recommend that management develop a procedure to reconcile the liability account balances to the support.

Management’s Response: As of fiscal year 2024, we have implemented new controls to review these accounts more regularly. This notation was due to lack of oversight due to no CFO in place during fiscal year 2023.

7. Allowable Costs – Florida Department of Children & Families Grant

While reconciling the activity reported in MIP to the grant revenue in the 1st quarterly report, we noted that the report submitted had an option to take either a 10% de minimis Modified Total Direct Cost (“MTDC”) or total indirect costs. The formula in the report added both to the total costs and the reports were submitted. The Organization received the duplicated benefit of \$25,778, which was split between federal and state grant funds. We also reviewed the three (3) other quarterly reports in the 2022/23 fiscal year and the 10% de minimis line was removed from the report, and no exception was noted.

We recommend that management work with DCF to resolve the duplicated benefit of these costs.

Management’s Response: This was handled by the prior CFO in fiscal year 2023 that departed the organization. DCF has closed out the contract in which this notation reflects. However, we will contact DCF to notify them and ask for guidance on how they would like to handle this discrepancy.

Purpose of this Letter

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

Thomson Brock Impact Company

March 25, 2024