

INDEPENDENT AUDITORS' MANAGEMENT LETTER

THE SALVATION ARMY
ST. PETERSBURG AREA COMMAND
GENERAL OPERATING FUND

September 30, 2023



RIVERO, GORDIMER & COMPANY, P.A.

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
Sam A. Lazzara
Kevin R. Bass
Jonathan E. Stein
Stephen G. Douglas
Marc D. Sasser, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)

Michael E. Helton
James K. O'Connor
David M. Bohnsack
Julie A. Davis

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Trustees
The Salvation Army, a Georgia Corporation

In planning and performing our audit of the consolidated financial statements of The Salvation Army St. Petersburg Area Command (the "Command"), a unit of The Salvation Army, a Georgia Corporation, as of and for the fiscal year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Command's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Command's internal control. Accordingly, we do not express an opinion on the effectiveness of the Command'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 misstatement of the Command's consolidated financial statements will not be prevented or detected and corrected on a timely basis.

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

This communication is intended solely for the information and use of the Board of Trustees, management and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida
May 22, 2024



INDEPENDENT AUDITORS' REQUIRED COMMUNICATIONS
WITH THOSE CHARGED WITH GOVERNANCE

THE SALVATION ARMY
ST. PETERSBURG AREA COMMAND
GENERAL OPERATING FUND

September 30, 2023



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To the Board of Trustees
The Salvation Army, a Georgia Corporation

We have audited the consolidated financial statements of The Salvation Army St. Petersburg Area Command (the "Command") for the year ended September 30, 2023 and issued our report thereon dated May 22, 2024. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Florida Single Audit Act Audits, Nonprofit and For-Profit Organizations* (Chapter 10.650) as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated November 20, 2023 and through ongoing communications with management. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Command are described in note A to the consolidated financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by the Command during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of collectability of grants receivables is based on prior experience, historical collection trends and current and anticipated economic conditions. We evaluated the key factors and assumptions used to develop the valuation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of functional allocation of expenses and estimated useful lives of assets.



Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No significant disclosures were included in the financial statements for the year ended September 30, 2023. The financial statement disclosures are neutral consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that there are no uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2024.

Management Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Command's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, the professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Command's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, *Government Auditing Standards*, the method of preparing it has not changed from the prior period, and the information is appropriate and

complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Trustees and management of The Salvation Army St. Petersburg Area Command, and is not intended to be, and should not be, used by anyone other than these specified parties.

Tampa, Florida
May 22, 2024

Beuco, Gardner & Company, P.A.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

THE SALVATION ARMY ST. PETERSBURG AREA COMMAND
GENERAL OPERATING FUND

September 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Salvation Army, a Georgia Corporation

Opinion

We have audited the accompanying consolidated financial statements of The Salvation Army St. Petersburg Area Command (the "Command"), a unit of The Salvation Army, a Georgia Corporation (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Salvation Army St. Petersburg Area Command as of September 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 audits 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 Salvation Army St. Petersburg Area Command 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army St. Petersburg Area Command's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army St. Petersburg Area Command's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army St. Petersburg Area Command's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

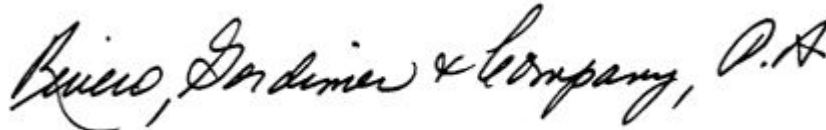
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities and changes in net assets are presented for additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024, on our consideration of The Salvation Army St. Petersburg Area Command'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 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 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 The Salvation Army St. Petersburg Area Command's internal control over financial reporting and compliance.

Tampa, Florida
May 22, 2024

A handwritten signature in black ink that reads "Bruce, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2023

(With summarized comparative totals for September 30, 2022)

	Without donor restrictions	With donor restrictions	Total	
			2023	2022
ASSETS				
Cash and cash equivalents (note J)	\$ 809,153	\$ -	\$ 809,153	\$ 521,923
Accounts receivable				
Grants (note F)	323,329	-	323,329	213,906
Related party	-	-	-	268,380
Other assets	25,447	-	25,447	633
Investments (notes C and D)	-	176,394	176,394	174,292
Vehicles and equipment, net of accumulated depreciation (note G)	98,669	-	98,669	139,851
	\$ 1,256,598	\$ 176,394	\$ 1,432,992	\$ 1,318,985
LIABILITIES AND NET ASSETS				
Accounts payable				
Trade	\$ 64,520	\$ -	\$ 64,520	\$ 38,256
Related party (note I)	304,640	-	304,640	241,846
Accrued expenses and other liabilities	178,379	-	178,379	215,003
	547,539	-	547,539	495,105
Net assets				
Without donor restrictions	709,059	-	709,059	649,588
With donor restrictions (note D)	-	176,394	176,394	174,292
	709,059	176,394	885,453	823,880
TOTAL LIABILITIES AND NET ASSETS	\$ 1,256,598	\$ 176,394	\$ 1,432,992	\$ 1,318,985

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2022

	Without donor restrictions	With donor restrictions	Total
ASSETS			
Cash and cash equivalents (note J)	\$ 521,923	\$ -	\$ 521,923
Accounts receivable			
Grants (note F)	213,906	-	213,906
Related party	268,380	-	268,380
Other assets	633	-	633
Investments (notes C and D)	-	174,292	174,292
Vehicles and equipment, net of accumulated depreciation (note G)	139,851	-	139,851
TOTAL ASSETS	\$ 1,144,693	\$ 174,292	\$ 1,318,985
LIABILITIES AND NET ASSETS			
Accounts payable			
Trade	\$ 38,256	\$ -	\$ 38,256
Related party (note I)	241,846	-	241,846
Accrued expenses and other liabilities	215,003	-	215,003
TOTAL LIABILITIES	495,105	-	495,105
Net assets			
Without donor restrictions	649,588	-	649,588
With donor restrictions (note D)	-	174,292	174,292
	649,588	174,292	823,880
TOTAL LIABILITIES AND NET ASSETS	\$ 1,144,693	\$ 174,292	\$ 1,318,985

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2023
(With summarized comparative totals for September 30, 2022)

	Without donor restrictions	With donor restrictions	Total	
			2023	2022
PUBLIC SUPPORT AND REVENUE				
Contributions (note I)	\$ 4,192,127	\$ -	\$ 4,192,127	\$ 4,025,917
Grants from governmental agencies (note F)	1,946,537	-	1,946,537	1,751,741
Program service fees	757,886	-	757,886	632,011
Interest and other	6,084	(7,128)	(1,044)	2,616
Investment gain (loss)	-	9,230	9,230	(22,093)
Total public support and revenue	6,902,634	2,102	6,904,736	6,390,192
EXPENSES				
Program services				
Corps community center	913,308	-	913,308	785,185
Residential and institutional	3,770,783	-	3,770,783	3,569,463
Other social services	761,356	-	761,356	636,213
Total program services	5,445,447	-	5,445,447	4,990,861
Supporting services				
Management and general	1,015,411	-	1,015,411	954,309
Fundraising	382,305	-	382,305	448,178
Total supporting services	1,397,716	-	1,397,716	1,402,487
Total expenses	6,843,163	-	6,843,163	6,393,348
Change in net assets	59,471	2,102	61,573	(3,156)
Net assets at beginning of year	649,588	174,292	823,880	827,036
Net assets at end of year	\$ 709,059	\$ 176,394	\$ 885,453	\$ 823,880

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2022

	Without donor restrictions	With donor restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions (note I)	\$ 4,025,917	\$ -	\$ 4,025,917
Grants from governmental agencies (note F)	1,751,741	-	1,751,741
Program service fees	632,011	-	632,011
Interest and other	8,118	(5,502)	2,616
Investment loss	-	(22,093)	(22,093)
	<u>6,417,787</u>	<u>(27,595)</u>	<u>6,390,192</u>
EXPENSES			
Program services			
Corps community center	785,185	-	785,185
Residential and institutional	3,569,463	-	3,569,463
Other social services	636,213	-	636,213
Total program services	<u>4,990,861</u>	<u>-</u>	<u>4,990,861</u>
Supporting services			
Management and general	954,309	-	954,309
Fundraising	448,178	-	448,178
Total supporting services	<u>1,402,487</u>	<u>-</u>	<u>1,402,487</u>
Total expenses	<u>6,393,348</u>	<u>-</u>	<u>6,393,348</u>
Change in net assets	24,439	(27,595)	(3,156)
Net assets at beginning of year	<u>625,149</u>	<u>201,887</u>	<u>827,036</u>
Net assets at end of year	<u>\$ 649,588</u>	<u>\$ 174,292</u>	<u>\$ 823,880</u>

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended September 30,

	2023	2022
Cash flows from operating activities		
Change in net assets	<u>\$ 61,573</u>	<u>\$ (3,156)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	31,741	36,949
Gain on sale of equipment	(12,375)	(5,497)
Decrease (increase) in accounts receivable and other assets	134,143	(30,727)
Net realized and unrealized changes in value of investments	(9,230)	41,123
Increase in accounts payable	89,058	5,606
(Decrease) increase in accrued expenses and other liabilities	<u>(36,624)</u>	<u>37,291</u>
Total adjustments	<u>196,713</u>	<u>84,745</u>
Net cash provided by operating activities	<u>258,286</u>	<u>81,589</u>
Cash flows from investing activities		
Proceeds from sale (purchase of) investments	7,128	(13,528)
Purchase of equipment	-	(13,995)
Proceeds from sale of equipment	<u>21,816</u>	<u>7,999</u>
Net cash provided (used) by investing activities	<u>28,944</u>	<u>(19,524)</u>
Net increase in cash and cash equivalents	287,230	62,065
Cash and cash equivalents at beginning of year	<u>521,923</u>	<u>459,858</u>
Cash and cash equivalents at end of year	<u><u>\$ 809,153</u></u>	<u><u>\$ 521,923</u></u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2023
(With summarized totals for the year ended September 30, 2022)

	Program Services				Supporting Services			Total	
	Corps. Community Center	Residential & Institutional Services	Other Social Services	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2023	2022
Salaries and allowances	\$ 185,733	\$ 1,350,489	\$ 186,645	\$ 1,722,867	\$ 497,863	\$ 139,018	\$ 636,881	\$ 2,359,748	\$ 2,399,273
Officer and employee benefits	64,360	281,134	76,074	421,568	169,668	16,211	185,879	607,447	643,818
Payroll taxes	13,191	133,744	16,547	163,482	39,746	8,715	48,461	211,943	216,689
Total salaries and related expenses	263,284	1,765,367	279,266	2,307,917	707,277	163,944	871,221	3,179,138	3,259,780
Professional fees	1,390	27,771	14,896	44,057	63,166	38,236	101,402	145,459	156,010
Supplies	44,795	325,676	5,171	375,642	22,160	34,416	56,576	432,218	305,466
Telephone	11,283	21,561	5,846	38,690	14,099	2,045	16,144	54,834	58,378
Postage and shipping	424	747	388	1,559	2,290	28,218	30,508	32,067	31,399
Occupancy	372,557	871,387	134,491	1,378,435	141,029	9,494	150,523	1,528,958	1,179,818
Furnishing and equipment	30,745	17,146	9,052	56,943	18,279	3,804	22,083	79,026	40,774
Printing and publications	8,059	643	2,960	11,662	2,822	95,458	98,280	109,942	126,264
Local meals and travel	35,459	26,061	10,798	72,318	23,573	3,400	26,973	99,291	119,916
Conferences, meetings and trips	23,579	1,560	693	25,832	7,193	2,022	9,215	35,047	26,917
Direct assistance	-	28,550	271,532	300,082	(84)	-	(84)	299,998	270,765
Organizational dues	673	850	-	1,523	3,295	1,187	4,482	6,005	4,882
Awards and grants	324	3,159	486	3,969	1,053	81	1,134	5,103	5,015
World services	89,592	-	-	89,592	-	-	-	89,592	87,041
Depreciation	18,876	3,606	-	22,482	9,259	-	9,259	31,741	36,949
Support service fees	12,268	676,699	25,777	714,744	-	-	-	714,744	683,974
Total expenses	\$ 913,308	\$ 3,770,783	\$ 761,356	\$ 5,445,447	\$ 1,015,411	\$ 382,305	\$ 1,397,716	\$ 6,843,163	\$ 6,393,348

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2022

	Program Services				Supporting Services			Total Expenses
	Corps. Community Center	Residential & Institutional Services	Other Social Services	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries and allowances	\$ 192,664	\$ 1,300,758	\$ 192,290	\$ 1,685,712	\$ 509,185	\$ 204,376	\$ 713,561	\$ 2,399,273
Officer and employee benefits	74,535	317,711	67,890	460,136	164,078	19,604	183,682	643,818
Payroll taxes	12,696	132,162	17,194	162,052	41,801	12,836	54,637	216,689
Total salaries and related expenses	279,895	1,750,631	277,374	2,307,900	715,064	236,816	951,880	3,259,780
Professional fees	5,166	54,770	12,387	72,323	40,059	43,628	83,687	156,010
Supplies	36,991	221,423	10,707	269,121	24,080	12,265	36,345	305,466
Telephone	11,475	25,958	6,091	43,524	11,698	3,156	14,854	58,378
Postage and shipping	220	304	107	631	2,332	28,436	30,768	31,399
Occupancy	228,382	788,911	49,103	1,066,396	107,848	5,574	113,422	1,179,818
Furnishing and equipment	13,061	9,169	3,513	25,743	12,940	2,091	15,031	40,774
Printing and publications	9,410	651	2,947	13,008	2,642	110,614	113,256	126,264
Local meals and travel	33,699	41,396	16,247	91,342	24,452	4,122	28,574	119,916
Conferences, meetings and trips	22,724	1,000	-	23,724	2,630	563	3,193	26,917
Direct assistance	-	28,910	241,771	270,681	84	-	84	270,765
Organizational dues	773	570	-	1,343	2,766	773	3,539	4,882
Awards and grants	420	3,335	350	4,105	770	140	910	5,015
World services	87,041	-	-	87,041	-	-	-	87,041
Depreciation	21,238	8,767	-	30,005	6,944	-	6,944	36,949
Support service fees	34,690	633,668	15,616	683,974	-	-	-	683,974
Total expenses	\$ 785,185	\$ 3,569,463	\$ 636,213	\$ 4,990,861	\$ 954,309	\$ 448,178	\$ 1,402,487	\$ 6,393,348

The accompanying notes are an integral part of this statement.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

A description of the organization and summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Purpose and Organization

The Salvation Army, founded in 1865, is a not-for-profit international religious organization and charitable movement organized and operated on a quasi-military pattern and is a branch of the Christian Church. Its membership includes officers (clergy), soldiers and adherents (laity), members of varied activity groups and volunteers who serve as advisors, associates and committed participants in its service functions.

The Salvation Army is an organization exempt from income taxation under Section 501 (a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and is exempt from state income taxes under related state provisions.

The accompanying financial statements are summaries of the financial position, results of operations, net asset classifications and sources and applications of cash of The Salvation Army St. Petersburg Area Command (the "Command") Operating Unit, of the Southern Territory of The Salvation Army.

The Operating Fund includes the operations of the St. Petersburg Area Command, Child Abuse Shelter and the Children's Village. The Operating Fund does not include land, buildings and certain other interest-bearing assets, that are not under the legal control and discretion of the Command.

2. Basis of Accounting

The accompanying financial statements have been prepared in accordance with the national accounting policies of The Salvation Army. These policies are consistent with standards of accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Trustees/Directors, all assets, liabilities and activities of the Command are reported in the following net asset classifications:

Net Assets Without Donor Restrictions - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Trustees/Directors.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

Net Assets With Donor Restrictions - subject to donor-imposed stipulations that may be fulfilled by actions of the Command to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions due to the fulfillment of a donor-imposed stipulation or the elapsing of a specified time period are reported as reclassifications of net assets.

Contributions subject to donor-imposed restrictions are recorded as support with donor restrictions and are reclassified as without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Promises to give that are scheduled to be received after the end of the reporting period are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restriction is met.

Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at the risk-free rate of return on the last day of the fiscal year in which the promises are received. Amortization of the discount is recorded as contribution revenue.

3. Cash and Cash Equivalents

For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

4. Support and Revenue

Support and revenue are reported as increases net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in net assets without donor restrictions.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

5. Donations In-Kind and Contributed Services

Material gifts-in-kind items used in The Salvation Army programs (e.g., vehicle, free rent, equipment, etc.) and donated goods distributed (clothing, furniture, foodstuffs, etc.) are recorded at their estimated fair value as income and expense at the time the items are placed into service or distributed.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

Unpaid volunteers have made significant contributions of time to the Command. The value of this contributed time is not reflected in the accompanying financial statements since it does not create or enhance non-financial assets or require specialized skills.

6. Accounts Receivable

The Command receives support from various federal and state grants. None of the amounts receivable at September 30, 2023 and 2022 are deemed to be uncollectible. Therefore, no provision for uncollectible amounts has been made in the accompanying financial statements.

7. Investments and Investment Income

Corporate headquarters has the responsibility for investment activity for all units within the territory for assets without donor restrictions, including board-designated assets and assets with donor restrictions. The net assets with donor restrictions, including the life income funds, and permanently restricted asset portfolios are maintained on a pooled "mutual fund" accounting basis with the total earnings, investment expenses, appreciation and depreciation, whether realized or unrealized, being allocated to each participating account on a prorata basis.

Investment income and net appreciation (depreciation) on investments of donor endowments are reported as increases in net assets with donor restrictions until allocated by the Board of Trustees for expenditure in accordance with donor stipulations or if the terms of the gift or relevant state law requires that they be added back to the principal of the restricted contributions.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE A - NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Fair Value Measurements

Financial Accounting Standards Board *Accounting Standards Codification* 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

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

Following is a description of the valuation methodologies used for significant assets and liabilities measured at fair value at September 30, 2023 and 2022:

Cash and cash equivalents: The carrying amounts reported in the Statement of Financial Position approximate the fair value because of the short maturities of those instruments.

Investments: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Command believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The estimated fair values of the Command's significant financial instruments are as follows:

<u>September 30, 2023</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Cash and cash equivalents	\$ 809,153	\$ 809,153	\$ -	\$ -
Investments	176,394	176,394	-	-
Total	<u>\$ 985,547</u>	<u>\$ 985,547</u>	<u>\$ -</u>	<u>\$ -</u>

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

<u>September 30, 2022</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Cash and cash equivalents	\$ 521,923	\$ 521,923	\$ -	\$ -
Investments	174,292	174,292	-	-
Total	<u>\$ 696,215</u>	<u>\$ 696,215</u>	<u>\$ -</u>	<u>\$ -</u>

9. Property, Equipment, Depreciation and Reserves

All land and buildings used by the Command, as well as any contributions or reserves established for purchase or replacement of land or buildings are held in separate funds, which are under the legal control and discretion of The Salvation Army, a Georgia corporation. Consequently, these assets are not included in the accompanying financial statements.

Capitalized equipment is stated at cost or, if donated, at fair market value at the date of donation. As a matter of policy, items costing \$10,000 or more are capitalized and all other items are expensed.

Depreciation is provided on equipment at straight-line rates based on estimated service lives as follows:

	<u>Years</u>
Equipment and vehicles	3

A full month of depreciation is charged in the month of acquisition, and no depreciation is charged in the month of disposition. Provisions are made for major future costs of property maintenance and replacement of vehicles and some equipment by transfer of operating net assets to board designated net assets without donor restrictions.

Cash and cash equivalents include the following assets that are board designated to be used for certain purposes as of September 30,:

	<u>2023</u>	<u>2022</u>
Property reserve	<u>\$ 5</u>	<u>\$ 5</u>
	<u>\$ 5</u>	<u>\$ 5</u>

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Allocation of Functional Expenses

The Statement of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Command are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs, management and general, and fundraising expenses based on the proportion of employee time involved.

NOTE B - LIQUIDITY

The Command's financial assets available within one year of the date of the financial statements of financial position for general expenditure are as follows at September 30,:

	2023	2022
Cash and cash equivalents	\$ 809,153	\$ 521,923
Grants receivable	323,329	213,906
Related party receivables	-	268,380
Total financial assets available to management for expenditure within one year	\$ 1,132,482	\$ 1,004,209

The Command maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Command has Board designated net assets without donor restrictions that, while the Command does not intend to spend these for purposes other than identified, the amounts could be made available for current operations if necessary.

NOTE C - INVESTMENTS

Salvation Army policy requires that the investment of assets for all centers of operation may be made only through the corporate portfolio under the administration of the Board of Trustees/Directors. Assets that are restricted by donors for use in a center of operation are invested on a pooled mutual fund basis and receive total net rate of return. These invested assets are treated as investments in the consolidated financial statements.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE D - ENDOWMENTS

The Salvation Army St. Petersburg Area Command is a unit of the Southern Territory, which has sole authority for the receipt management and investment of all endowment funds credited to units in the Southern Territory. Donor-restricted funds are recognized as endowments by the Southern Territory. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees/Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The responsibility for investment of all institutional funds in the Southern Territory is solely the responsibility of the Board of Trustees of the Southern Territory. The interpretation by the Board of Trustees of relevant law is stated as follows:

The Uniform Prudent Management of Institutional Funds Acts (UPMIFA) as enacted by the State of Georgia applies to all the institutional funds of the Southern Territory unless the donor has specifically directed otherwise. The Board of Trustees interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Board of Trustees classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE D - ENDOWMENTS - Continued

Spending Policy

The responsibility for investment of all institutional funds in the Southern Territory is solely the responsibility of the Board of Trustees of the Southern Territory. The spending policy and how the investment objectives relate to the spending policy, which is applicable to the endowments herewith presented, are stated as follows:

The Southern Territory has a policy of appropriating for distribution each year five percent (5%) of its endowment fund's average fair value over the prior four quarters through the calendar year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Southern Territory considered the long-term expected return on its endowment. Accordingly, over the long term, the Southern Territory expects the current spending policy to grow at a pace at least equal to inflation. This is consistent with the Command's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Return Objectives and Risk Parameters

The responsibility for investment of all institutional funds in the Southern Territory is solely the responsibility of the Board of Trustees of the Southern Territory. The return objectives and risk parameters applicable to the endowments herewith presented are as follows:

The Southern Territory has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Command must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

Strategies Employed for Achieving Objectives

The responsibility for investment of all institutional funds in the Southern Territory is solely the responsibility of the Board of Trustees of the Southern Territory. The strategies employed for achieving objectives applicable to the endowments herewith presented are as follows:

To satisfy its long-term objectives, the Southern Territory relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Southern Territory targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE D - ENDOWMENTS - Continued

The following tables present the necessary information for endowments credited to the Command by net asset fund at September 30,:

	<u>Without donor restriction</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted funds - September 30, 2023	<u>\$ -</u>	<u>\$ 176,394</u>	<u>\$ 176,394</u>
Donor-restricted funds - September 30, 2022	<u>\$ -</u>	<u>\$ 174,292</u>	<u>\$ 174,292</u>

Below are changes in Endowment Fund Net Assets for the year ended September 30,:

<u>2023</u>	<u>Without donor restriction</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ -</u>	<u>\$ 174,292</u>	<u>\$ 174,292</u>
Investment income			
Investment income	-	1,848	1,848
Net appreciation (realized and unrealized)	<u>-</u>	<u>9,398</u>	<u>9,398</u>
Total investment return	<u>-</u>	<u>11,246</u>	<u>11,246</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriations of endowment assets for expenditure	<u>-</u>	<u>(9,144)</u>	<u>(9,144)</u>
Other changes			
Transfers to create board- designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>
Endowments net assets, end of year	<u>\$ -</u>	<u>\$ 176,394</u>	<u>\$ 176,394</u>

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE D - ENDOWMENTS - Continued

<u>2022</u>	<u>Without donor restriction</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ -</u>	<u>\$ 201,887</u>	<u>\$ 201,887</u>
Investment income			
Investment income	-	11,873	11,873
Net depreciation (realized and unrealized)	<u>-</u>	<u>(31,608)</u>	<u>(31,608)</u>
Total investment return	<u>-</u>	<u>(19,735)</u>	<u>(19,735)</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>
Appropriations of endowment assets for expenditure	<u>-</u>	<u>(7,860)</u>	<u>(7,860)</u>
Other changes			
Transfers to create board- designated endowment funds	<u>-</u>	<u>-</u>	<u>-</u>
Endowments net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 174,292</u></u>	<u><u>\$ 174,292</u></u>

NOTE E - INCOME TAX STATUS

The Salvation Army has received a determination of tax-exempt status from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Management is not aware of any activities that would jeopardize the Salvation Army's tax-exempt status. The Salvation Army is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty.

NOTE F - GRANTS FROM GOVERNMENTAL AGENCIES

The Command received funding from the State of Florida Department of Children and Families, Family Support Services of Suncoast, LLC, Orlando Health, Inc., Department of Veterans Affairs, BayCare Health System, Inc., and Morton Plant Mease Health Care, Inc. These grants provide funding for operating expenses, support services and employment assistance for the respective program.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE G - VEHICLES AND EQUIPMENT

Vehicles and equipment consisted of the following at September 30,:

	2023	2022
Vehicles	\$ 404,312	\$ 529,793
Equipment	14,995	14,995
	419,307	544,788
Less accumulated depreciation	(320,638)	(404,937)
	\$ 98,669	\$ 139,851

NOTE H - PENSION, RETIREMENT AND BENEFIT PLANS

Employee Pension Plan

Eligible employees of the Command participate in The Salvation Army Pension Plan (the "Plan") with other Salvation Army territories, which provides for death, disability and retirement benefits. The Plan, a defined contribution, money purchase plan, is administered by a Board of Trustees approved by the National Headquarters of The Salvation Army. The Plan's assets are held by an insurance company as trustee. Annual contributions to the Plan are based on a stipulated percentage of employee's salaries. Approximately \$133,000 and \$136,000 of expense was incurred under this Plan for the years ended September 30, 2023 and 2022, respectively.

Employee Medical Plan

Employees of The Salvation Army are provided health benefits under a self-insured program, that is administered by a third-party claims administrator. Amounts charged to the Command and included in expense for this plan were approximately \$402,000 and \$436,000 for the years ended September 30, 2023 and 2022, respectively.

Officers' Retirement Provisions

The Salvation Army has a noncontributory retirement provision for officers that provides retirement benefits and certain health care and death benefits to retired officers, as defined by Salvation Army policy governing such benefits. The corporate headquarters has total responsibility for the administration of retirement benefits. Retirement allowances are determined based on active officer allowances and length of service.

Provisions for these benefits is self-funded principally by annual assessments to the Corps centers of operation, by designated portions from legacy income, by earnings on assets designated for retirement benefits, and by appropriations.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE H - PENSION, RETIREMENT AND BENEFIT PLANS - Continued

Amounts charged to the unit and included in expenses for this plan for each of the fiscal years ended September 30, 2023 and 2022 was approximately \$17,000.

Officers' and Auxiliary-Captains' Sick Benefit and Burial Fund

The Salvation Army provides certain health care and death benefits for active Salvation Army officers and Auxiliary-Captains through Officers' and Auxiliary-Captains' Sick Benefit and Burial Funds, as defined by the national Salvation Army policy. All active Salvation Army officers and Auxiliary-Captains and their eligible dependents are eligible for these benefits. Amounts charged to the unit and included in expenses for this plan were approximately \$30,000 for the years ended September 30, 2023 and 2022.

Insurance Programs

The Salvation Army maintains insurance programs for general liability, automobile, workers' compensation, and property coverage. The programs, administered by territorial headquarters, are intended to provide coverage for claims arising in all centers of operation. Funding for these programs is obtained through assessments to all centers of operation for each line of coverage and through earnings on designated assets held to pay claims.

NOTE I - RELATED PARTY TRANSACTIONS

The Command is assessed an administrative charge for support services provided to them by the Florida Divisional Headquarters and the Southern Territorial Headquarters. These support services include administration related to program, personnel, business, and other support services. Total support services charged to the Command for the years ended September 30, 2023 and 2022 was approximately \$715,000 and \$684,000, respectively.

Trust fund earnings are included as contributions and approximated \$2,094,000 and \$2,082,000 for the years ended September 30, 2023 and 2022, respectively.

The Command had a related party receivable of approximately \$-0- and \$151,000 at September 30, 2023 and 2022, each year respectively, related to earnings from trusts held at Southern Territorial Headquarters.

The amount shown as related party accounts payable represents amounts due to Divisional Headquarters and the Southern Territory for employee medical insurance coverage, workers' compensation expenses, liabilities for support services, as well as an advance for working capital purposes. Related party payables were approximately \$305,000 and \$242,000 at September 30, 2023 and 2022, respectively.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2023 and 2022

NOTE J - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Command to concentrations of credit risk consist of cash and cash equivalents. The Command manages this risk through the use of high credit worthy financial institutions. Interest-bearing and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Command's unrestricted balances sometimes exceed the limit. The total of these balances that exceed federal deposit insurance limits was approximately \$323,000 and \$272,000 at September 30, 2023 and 2022, respectively. The Command has not experienced any losses from its deposits.

NOTE K - SUBSEQUENT EVENTS

The Command has evaluated events and transactions occurring subsequent to September 30, 2023 as of May 22, 2024 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2023

	Area Command	Sallie House	Children's Village	Combined	Eliminating Entries	Total
ASSETS						
Cash and cash equivalents (note J)	\$ 1,075,386	\$ (64,147)	\$ (202,086)	\$ 809,153	\$ -	\$ 809,153
Accounts receivable						
Grants (note F)	110,978	120,123	92,228	323,329	-	323,329
Related party	-	-	-	-	-	-
Other assets	25,447	-	-	25,447	-	25,447
Investments (notes C and D)	-	-	176,394	176,394	-	176,394
Vehicles and equipment, net of accumulated depreciation (note G)	81,526	11,796	5,347	98,669	-	98,669
TOTAL ASSETS	\$ 1,293,337	\$ 67,772	\$ 71,883	\$ 1,432,992	\$ -	\$ 1,432,992
LIABILITIES AND NET ASSETS						
Accounts payable						
Trade	\$ 64,520	\$ -	\$ -	\$ 64,520	\$ -	\$ 64,520
Related party (note I)	179,491	-	125,149	304,640	-	304,640
Accrued expenses and other liabilities	(382,105)	256,952	303,532	178,379	-	178,379
TOTAL LIABILITIES	(138,094)	256,952	428,681	547,539	-	547,539
Net assets						
Without donor restrictions	1,431,431	(189,180)	(533,192)	709,059	-	709,059
With donor restrictions (note D)	-	-	176,394	176,394	-	176,394
	1,431,431	(189,180)	(356,798)	885,453	-	885,453
TOTAL LIABILITIES AND NET ASSETS	\$ 1,293,337	\$ 67,772	\$ 71,883	\$ 1,432,992	\$ -	\$ 1,432,992

The Salvation Army St. Petersburg Area Command
General Operating Fund

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2023

	Area Command	Sallie House	Children's Village	Combined	Eliminating Entries	Total
PUBLIC SUPPORT AND REVENUE						
Contributions (note I)	\$ 7,459,777	\$ 341,557	\$ 477,000	\$ 8,278,334	\$ (4,086,207)	\$ 4,192,127
Grants from governmental agencies (note F)	1,485,327	-	461,210	1,946,537	-	1,946,537
Program service fees	1,148,654	-	-	1,148,654	(390,768)	757,886
Interest and other	6,084	-	(7,128)	(1,044)	-	(1,044)
Investment gain	-	-	9,230	9,230	-	9,230
Total public support and revenue	<u>10,099,842</u>	<u>341,557</u>	<u>940,312</u>	<u>11,381,711</u>	<u>(4,476,975)</u>	<u>6,904,736</u>
EXPENSES						
Program services						
Corps community center	954,237	-	-	954,237	(40,929)	913,308
Residential and institutional	3,046,745	356,776	859,698	4,263,219	(492,436)	3,770,783
Other social services	841,253	-	-	841,253	(79,897)	761,356
Total program services	<u>4,842,235</u>	<u>356,776</u>	<u>859,698</u>	<u>6,058,709</u>	<u>(613,262)</u>	<u>5,445,447</u>
Supporting services						
Management and general	4,006,886	-	-	4,006,886	(2,991,475)	1,015,411
Fundraising	1,254,543	-	-	1,254,543	(872,238)	382,305
Total supporting services	<u>5,261,429</u>	<u>-</u>	<u>-</u>	<u>5,261,429</u>	<u>(3,863,713)</u>	<u>1,397,716</u>
Total expenses	<u>10,103,664</u>	<u>356,776</u>	<u>859,698</u>	<u>11,320,138</u>	<u>(4,476,975)</u>	<u>6,843,163</u>
Change in net assets	(3,822)	(15,219)	80,614	61,573	-	61,573
Net assets at beginning of year	<u>1,435,253</u>	<u>(173,961)</u>	<u>(437,412)</u>	<u>823,880</u>	<u>-</u>	<u>823,880</u>
Net assets at end of year	<u>\$ 1,431,431</u>	<u>\$ (189,180)</u>	<u>\$ (356,798)</u>	<u>\$ 885,453</u>	<u>\$ -</u>	<u>\$ 885,453</u>

The Salvation Army St. Petersburg Area Command
 General Operating Fund

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended September 30, 2023

<u>State Grantor/Project Title</u>	<u>State CSFA #</u>	<u>Contract Number</u>	<u>State Expenditures</u>
State Financial Assistance -			
<u>Florida Department of Children and Families</u>			
Direct awards			
The Salvation Army Children's Village - Pinellas County	60.074	LCNSI	<u>\$ 798,855</u>
Total Expenditure of State Financial Assistance			<u><u>\$ 798,855</u></u>

The accompanying notes are an integral part of this schedule.

The Salvation Army St. Petersburg Area Command
General Operating Fund

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the year ended September 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state grant activity of The Salvation Army St. Petersburg Area Command under programs of State of Florida for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule only presents a selected portion of the operations of The Salvation Army St. Petersburg Area Command, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Salvation Army St. Petersburg Area Command. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

NOTE B - CONTINGENCIES

These State projects are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowed expenditures, and affect the Command continued participation in specific projects. The amount of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although the Command expects such amounts, if any, to be immaterial.

NOTE C - SUBRECIPIENTS

There was no state financial assistance passed through to subrecipients by the Command.

COMPLIANCE REPORTS

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

THE SALVATION ARMY ST. PETERSBURG AREA COMMAND
GENERAL OPERATING FUND

September 30, 2023



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

Board of Trustees
The Salvation Army, a Georgia Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Salvation Army St. Petersburg Area Command (the "Command") which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Command's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Command's internal control. Accordingly, we do not express an opinion on the effectiveness of the Command's internal control.

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

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

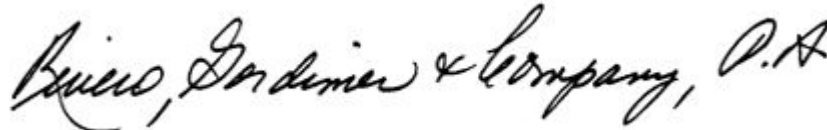


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Command's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Command'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 Command's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Buice, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.

Tampa, Florida
May 22, 2024

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

THE SALVATION ARMY ST. PETERSBURG AREA COMMAND
GENERAL OPERATING FUND

September 30, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

Board of Trustees
The Salvation Army a Georgia Corporation

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited The Salvation Army St. Petersburg Area Command's (the "Command") compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Service's State Programs Compliance Supplement that could have a direct and material effect on each of the Command's major state programs for the year ended September 30, 2023. The Command's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Salvation Army St. Petersburg Area Command complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major State Program

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 Chapter 10.650, *Rules of the Auditor General for Florida Single Audit Act Audits of Nonprofit and For-Profit Organizations* (Chapter 10.650). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Command 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 state program. Our audit does not provide a legal determination of The Salvation Army St. Petersburg Area Command's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Salvation Army St. Petersburg Area Command's state programs.

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 The Salvation Army St. Petersburg Area Command'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* and Chapter 10.650, *Rules of the 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 The Salvation Army St. Petersburg Area Command's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, *Rules of the 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 The Salvation Army St. Petersburg Area Command's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Salvation Army St. Petersburg Area Command'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 Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army St. Petersburg Area Command'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 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 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 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose

Tampa, Florida
May 22, 2024



The Salvation Army St. Petersburg Area Command
General Operating Fund

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

State Projects

Internal control over major projects:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656, *Rules of the Auditor General*?

 yes X no

Identification of major programs:

State Program

CSFA Number

60.074

Name of State Program

Out-of-Home Support

Dollar threshold used to distinguish between type A and type B programs - State programs:

\$ 300,000

The Salvation Army St. Petersburg Area Command
General Operating Fund

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended September 30, 2023

Section II - Financial Statement Findings

No matters were reported for the year ended September 30, 2023.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported for the year ended September 30, 2023.

Other Issues

- a) A management letter is not required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e).
- b) A summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).