



CHILDREN'S HOME NETWORK

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

**June 30, 2024, and 2023
(With Independent Auditors' Report Thereon)**

CHILDREN'S HOME NETWORK

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Independent Auditors' Report

The Boards of Directors
Children's Home Network:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of The Children's Home, Inc. (d/b/a Children's Home Network) and Affiliates (collectively the "Organization" or "Children's Home Network"), which comprise the combined statements of financial position as of June 30, 2024 and 2023, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Children's Home Network as of June 30, 2024 and 2023, and the changes in their net assets and their 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 ("GAAS") 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 Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 combined financial statements.

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position and the combining statement of changes in net assets are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined



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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

CBIZ CPAs P.C.¹

December 27, 2024
St. Petersburg, Florida

¹In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

CHILDREN'S HOME NETWORK

Combined Statements of Financial Position

June 30, 2024 and 2023

Assets	<u>2024</u>	<u>2023</u>
Cash	\$ 5,661,609	3,630,240
Receivables:		
Grants and contracts	2,313,413	2,512,610
Medicaid	122,699	71,290
Accrued interest	53,228	34,856
Contributions	1,383,669	1,181,033
Investments	24,625,928	23,092,939
Prepaid expenses and other assets	769,906	542,630
Cash surrender value of life insurance	93,050	89,551
Beneficial interest in perpetual trust	1,199,066	1,117,696
Operating lease right-of-use assets	995,503	225,764
Property and equipment, net	<u>4,400,642</u>	<u>4,697,298</u>
	<u>\$ 41,618,713</u>	<u>37,195,907</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 238,361	171,426
Other accrued expenses	1,545,307	1,694,004
Deferred revenue	916,052	553,581
Operating lease liabilities	<u>1,002,414</u>	<u>226,819</u>
Total liabilities	3,702,134	2,645,830
Net assets:		
Without donor restrictions:		
Undesignated	8,165,281	6,516,167
Designated for long-term investment	<u>20,296,237</u>	<u>19,213,543</u>
	28,461,518	25,729,710
With donor restrictions	<u>9,455,061</u>	<u>8,820,367</u>
Total net assets	<u>37,916,579</u>	<u>34,550,077</u>
	<u>\$ 41,618,713</u>	<u>37,195,907</u>

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

CHILDREN'S HOME NETWORK

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

Years Ended June 30, 2024 and 2023

	2024	2023
Operating support and revenue:		
Public support:		
Special event revenue	\$ 358,177	325,205
Less special event costs	(121,161)	(111,325)
Net revenue from special events	237,016	213,880
Contributions	1,252,028	1,404,787
Bequests	118,563	-
Government grants and contracts	19,529,712	18,194,429
	21,137,319	19,813,096
Revenue:		
Investment return designated for current operations	1,390,220	653,261
Medicaid	1,528,787	785,624
In-kind revenue	421,314	282,883
Other	79,042	52,970
	3,419,363	1,774,738
Net assets released from restrictions:		
Expiration of time restrictions	230,883	613,987
Satisfaction of donor restrictions	192,478	120,822
	423,361	734,809
Total operating support and revenue	24,980,043	22,322,643
Operating expenses:		
Program services	19,375,243	17,035,114
Supporting services:		
Management and general	3,402,968	3,066,704
Development and public information	598,835	608,142
	4,001,803	3,674,846
Total operating expenses	23,377,046	20,709,960
Change in net assets without donor restrictions from operations	1,602,997	1,612,683
Other changes:		
Investment return in excess of amounts designated for current operations	1,128,811	1,287,247
Change in net assets without donor restrictions	\$ 2,731,808	2,899,930

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

CHILDREN'S HOME NETWORK

Combined Statements of Changes in Net Assets

Years Ended June 30, 2024 and 2023

	2024	2023
Net assets without donor restrictions:		
Total operating support and revenue	\$ 24,556,682	21,587,834
Total operating expenses	(23,377,046)	(20,709,960)
Investment return in excess of amounts designated for current operations	1,128,811	1,287,247
Net assets released from restrictions	423,361	734,809
Change in net assets without donor restrictions	2,731,808	2,899,930
Net assets with donor restrictions:		
United Way allocations	63,000	64,257
Capital grants	-	1,071,711
Contributions	228,607	128,955
Bequests	113,000	323,705
Investment return	468,667	23,642
Change in value of split-interest agreements	103,411	63,917
Change in value of beneficial interest in perpetual trust	81,370	20,983
Net assets released from restrictions	(423,361)	(734,809)
Change in net assets with donor restrictions	634,694	962,361
Change in net assets	3,366,502	3,862,291
Net assets at beginning of year	34,550,077	30,687,786
Net assets at end of year	\$ 37,916,579	34,550,077

CHILDREN'S HOME NETWORK
Combined Statement of Functional Expenses
Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services					Supporting Services			Total Expenses		
	Residential Services	Foster Care Support Services	Kinship	SEEDS	Other Community- Based Programs	Total	Management and General	Development and Public Information	Total	2024	2023
	Awards, grants, and assistance:										
Awards, grants and assistance to individuals	\$ 102,933	309,942	103,758	25,699	31,090	573,422	-	-	-	573,422	290,516
	102,933	309,942	103,758	25,699	31,090	573,422	-	-	-	573,422	290,516
Salaries and related expenses:											
Salaries	3,230,920	2,005,359	2,465,142	1,612,824	3,669,092	12,983,337	1,913,214	401,508	2,314,722	15,298,059	13,533,174
Payroll taxes	246,336	152,291	187,603	122,498	271,666	980,394	141,171	30,579	171,750	1,152,144	1,023,263
Employee benefits	354,887	205,933	321,383	188,916	369,135	1,440,254	176,905	38,845	215,750	1,656,004	1,356,432
	3,832,143	2,363,583	2,974,128	1,924,238	4,309,893	15,403,985	2,231,290	470,932	2,702,222	18,106,207	15,912,869
Other operating expenses:											
Professional fees	85,534	31,599	98,358	8,128	455,825	679,444	380,831	34,584	415,415	1,094,859	658,814
Subcontractors	-	-	-	-	4,163	4,163	-	-	-	4,163	673,638
Supplies and materials	253,264	14,931	66,410	26,797	77,882	439,284	53,575	23,773	77,348	516,632	457,943
Electronic communications	27,984	25,263	36,971	26,740	46,522	163,480	3,930	3,038	6,968	170,448	159,600
Occupancy	100,054	12,388	74,384	64,487	155,574	406,887	116,363	3,163	119,526	526,413	516,448
Repairs, maintenance and rentals	75,184	8,939	23,470	4,652	53,594	165,839	144,178	7,186	151,364	317,203	317,405
Copying and printing	16,421	14,860	8,544	3,723	16,158	59,706	11,920	22,726	34,646	94,352	109,176
Postage and shipping	21	87	565	540	739	1,952	799	6,161	6,960	8,912	10,043
Travel and vehicle	47,716	19,535	66,907	40,210	100,568	274,936	17,118	2,411	19,529	294,465	206,405
Insurance	258,861	52,255	46,016	31,856	69,718	458,706	100,123	5,346	105,469	564,175	488,769
Organization and staff development	11,726	7,032	19,283	4,839	43,130	86,010	67,227	4,394	71,621	157,631	186,672
In-kind	292,680	45,284	42,652	17,294	16,834	414,744	-	6,570	6,570	421,314	282,883
Bad debt expense	2,055	-	65,145	-	-	67,200	-	-	-	67,200	10,000
Other	1,570	527	1,075	400	3,427	6,999	5,361	8,507	13,868	20,867	19,249
	1,173,070	232,700	549,780	229,666	1,044,134	3,229,350	901,425	127,859	1,029,284	4,258,634	4,097,045
Depreciation and amortization	132,418	498	7,535	3,029	25,006	168,486	270,253	44	270,297	438,783	409,530
	\$ 5,240,564	2,906,723	3,635,201	2,182,632	5,410,123	19,375,243	3,402,968	598,835	4,001,803	23,377,046	20,709,960

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

CHILDREN'S HOME NETWORK
Combined Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services					Supporting Services			Total Expenses	
	Residential Services	Foster Care Support Services	Kinship	SEEDS	Other Community-Based Programs	Total	Management and General	Development and Public Information		Total
Awards, grants, and assistance:										
Awards, grants and assistance to individuals	\$ 82,811	79,886	93,260	25,657	8,859	290,473	43	-	43	290,516
	82,811	79,886	93,260	25,657	8,859	290,473	43	-	43	290,516
Salaries and related expenses:										
Salaries	2,731,331	1,987,359	2,810,805	1,405,152	2,498,305	11,432,952	1,697,393	402,829	2,100,222	13,533,174
Payroll taxes	208,861	150,595	212,148	106,923	191,361	869,888	123,420	29,955	153,375	1,023,263
Employee benefits	236,555	209,315	336,187	174,542	175,057	1,131,656	182,207	42,569	224,776	1,356,432
	3,176,747	2,347,269	3,359,140	1,686,617	2,864,723	13,434,496	2,003,020	475,353	2,478,373	15,912,869
Other operating expenses:										
Professional fees	109,770	17,186	101,753	8,083	48,926	285,718	328,551	44,545	373,096	658,814
Subcontractors	-	481,435	-	-	192,203	673,638	-	-	-	673,638
Supplies and materials	225,006	5,703	59,710	23,266	74,156	387,841	49,997	20,105	70,102	457,943
Electronic communications	25,430	23,751	37,114	21,656	33,234	141,185	14,175	4,240	18,415	159,600
Occupancy	89,330	9,419	74,128	65,163	142,312	380,352	133,225	2,871	136,096	516,448
Repairs, maintenance and rentals	181,852	6,763	20,600	2,795	20,575	232,585	80,535	4,285	84,820	317,405
Copying and printing	16,872	14,682	10,100	11,943	15,407	69,004	13,251	26,921	40,172	109,176
Postage and shipping	43	31	1,559	495	193	2,321	548	7,174	7,722	10,043
Travel and vehicle	40,603	8,947	54,317	32,234	55,986	192,087	12,111	2,207	14,318	206,405
Insurance	222,089	41,694	45,717	25,039	46,505	381,044	104,107	3,618	107,725	488,769
Organization and staff development	35,200	8,023	17,673	2,523	31,840	95,259	87,479	3,934	91,413	186,672
In-kind	184,341	26,275	47,030	12,620	12,617	282,883	-	-	-	282,883
Bad debt expense	-	-	-	-	-	-	-	10,000	10,000	10,000
Other	1,634	663	753	134	4,076	7,260	9,100	2,889	11,989	19,249
	1,132,170	644,572	470,454	205,951	678,030	3,131,177	833,079	132,789	965,868	4,097,045
Depreciation and amortization	151,225	-	3,927	5,193	18,623	178,968	230,562	-	230,562	409,530
	\$ 4,542,953	3,071,727	3,926,781	1,923,418	3,570,235	17,035,114	3,066,704	608,142	3,674,846	20,709,960

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

CHILDREN'S HOME NETWORK
Combined Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 3,366,502	3,862,291
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	438,783	409,530
Non-cash lease expense	294,268	274,159
Net realized and unrealized gains on investments	(2,113,996)	(1,164,839)
Change in value of split-interest agreements	(103,411)	(63,917)
Change in value of beneficial interest in perpetual trust	(81,370)	(20,983)
Provision for bad debt	67,200	10,000
Grants restricted for long-term investment	-	(1,071,711)
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(37,009)	309,136
Prepaid expenses and other assets	(227,276)	202,771
Cash surrender value of life insurance	(3,499)	15,175
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	280,709	(54,335)
Operating lease liabilities	(288,412)	(273,104)
Net cash provided by operating activities	1,592,489	2,434,173
Cash flows from investing activities:		
Capital expenditures	(142,127)	(1,392,415)
Purchase of investment securities	(5,235,585)	(7,918,786)
Proceeds from sale of investment securities	5,816,592	6,670,134
Net cash provided by (used in) investing activities	438,880	(2,641,067)
Cash flows from financing activities:		
Grants restricted for long-term investment	-	1,071,711
Net cash provided by financing activities	-	1,071,711
Net increase in cash	2,031,369	864,817
Cash at beginning of year	3,630,240	2,765,423
Cash at end of year	\$ 5,661,609	3,630,240
Additions to operating lease right-of-use assets in exchange for operating lease liabilities	\$ 1,064,007	-
Initial recognition of operating lease right-of-use assets and related operating lease liabilities upon adoption of ASC 842	\$ -	499,923

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements

June 30, 2024 and 2023

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

(a) **Description of Organization**

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

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

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

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

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

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

(b) **Financial Statement Presentation**

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

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

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

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

The combined statement of functional expenses includes certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's combined financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(c) **Financial Accounting Standards**

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

(d) **Contributions**

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(d) Contributions - Continued

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the combined statement of financial position. The Organization received cost-reimbursable grants of approximately \$2,610,000 that have not been recognized at June 30, 2024 because qualifying expenditures have not yet been incurred.

(e) Revenue Recognition

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

(f) Investments

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

(g) Property and Equipment

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(h) **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are stated at unpaid balances, less an allowance for credit losses. The Organization provides for losses on accounts receivable using the allowance method. An allowance for credit losses related to accounts receivable is established based upon historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. The Organization periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

(i) **Going Concern Evaluation**

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

(j) **Income Taxes**

Each of the entities included in the combined financial statements has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publicly supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Organization's income tax filings for periods after the fiscal year ended June 30, 2020 remain subject to examination.

(k) **Functional Allocation of Expenses**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(l) **Leases**

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

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

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

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

(n) **Fair Value Measurements**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

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

(o) **Reclassifications**

Certain amounts in the fiscal 2023 combined financial statements have been reclassified to conform to the fiscal 2024 presentation. The reclassifications had no effect on changes in net assets or net assets.

(p) **Recent Accounting Pronouncement**

On July 1, 2023, the Organization adopted ASC Topic 326, *Financial Instruments - Credit Losses*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. The Organization adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. There was no material impact on the Organization's combined financial statements as a result of the adoption.

(q) **Subsequent Events**

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 27, 2024, the date the combined financial statements were available to be issued. No material events have occurred that require recognition or disclosure in the combined financial statements.

(2) **Investments**

At June 30, 2024 and 2023, the cost and market value of investments were as follows:

	2024		2023	
	Cost	Market	Cost	Market
Endowments:				
Money market funds	\$ 655,903	655,903	992,179	992,179
U.S. Government and Agency obligations	2,202,463	2,186,546	2,878,592	2,831,943
Corporate obligations	3,440,488	3,280,656	3,128,043	2,821,109
Foreign bonds	43,168	37,524	136,480	125,140
Mutual funds	15,456,772	18,465,299	15,246,390	16,322,568
	\$ 21,798,794	24,625,928	22,381,684	23,092,939

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(2) Investments - Continued

The following schedule summarizes investment return for the years ended June 30, 2024 and 2023:

	2024	2023
Dividend and interest income	\$ 940,918	862,926
Net realized and unrealized gains	2,113,996	1,164,839
Investment management fees	(67,216)	(63,615)
Total investment return	2,987,698	1,964,150
Investment return designated for current operations	1,390,220	653,261
Investment return with donor restrictions	468,667	23,642
Investment return in excess of amounts designated for current operations	\$ 1,128,811	1,287,247

(3) Property and Equipment

Property and equipment at June 30, 2024 and 2023 consists of the following:

	2024	2023
Land and improvements	\$ 1,008,811	988,604
Buildings and improvements	8,720,240	8,720,239
Furniture and equipment	2,457,971	2,415,582
Computer software	314,342	243,410
Transportation equipment	340,797	340,796
Construction in progress	8,600	-
	12,850,761	12,708,631
Less accumulated depreciation and amortization	8,450,119	8,011,333
	\$ 4,400,642	4,697,298

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$438,783 and \$409,530, respectively.

In connection with funding obtained to renovate residential cottages, the Organization periodically enters into land use restriction agreements whereby the Organization must continue to use the cottages for the benefit of abandoned, abused and/or neglected children for periods ranging from five to forty years. Since 2009, the Organization has executed seven such agreements and the corresponding land use restriction agreements expire at various dates through June 2049.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(4) Contributions Receivable

Contributions receivable at June 30, 2024 and 2023 consist of the following:

	2024	2023
United Way allocations	\$ 51,000	51,000
Bequests	207,310	115,375
Remainder trusts	1,125,359	1,013,583
Pledges	-	1,075
Total contributions receivable	\$ 1,383,669	1,181,033
Amounts due in:		
Less than one year	\$ 119,700	128,325
One to five years	274,800	265,000
More than five years	989,169	787,708
	\$ 1,383,669	1,181,033

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

(5) Split-Interest Gifts

The Organization has been named the remainder beneficiary under two charitable remainder trusts. The first trust provides for the payment of quarterly distributions to two donors over the donors' lifetimes of 6% of the fair market value of the trust assets as of the beginning of the trust year. Upon the death of the donor, the remaining assets are available for the Organization's use. In 2015, the Organization was named a 10% remainder beneficiary under a second charitable remainder trust. The remaining assets are to be distributed to the remainder beneficiaries over ten years beginning two years after the donor's death, which occurred in 2019. At June 30, 2024 and 2023, the outstanding receivable under remainder trusts reported at their estimated fair market values was \$1,125,359 and \$1,013,583, respectively, and is included with contributions receivable in the accompanying combined statements of financial position.

(6) Beneficial Interest in Perpetual Trusts

The Organization is 50% beneficiary of the Fielding, F & S Foundation trust, an irrevocable total return unitrust established to provide income to the beneficiaries in perpetuity. The trust is managed by an independent trustee, who maintains discretion over investment accordance with the trust's terms. Under the terms of the trust, the Organization is entitled to receive annual distributions based on a fixed percentage of the trust's fair value as defined in the trust agreement. The Organization records its beneficial interest in the trust as an asset at fair value, which was \$1,199,066 and \$1,117,696 at June 30, 2024 and 2023, respectively. The fair value of the beneficial interest is determined based on the underlying assets of the trust. Distributions received by the Organization from the trust were \$61,529 and \$63,904 for the years ended June 30, 2024 or 2023, respectively.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(7) **Beneficial Interest in Assets Held by Community Foundation**

In 1992, the Organization established a designated endowment fund at the Community Foundation of Tampa Bay (the "Foundation") naming itself as the beneficiary. The initial deposit represents a reciprocal transaction and is considered asset (beneficial interest in assets held by others) of the Organization and is subsequently remeasured at fair value. Earnings on this account are earmarked to be distributed on a periodic basis to the Organization subject to the Foundation's spending policy. The Foundation has been granted variance power over the fund, which provides the Foundation the unilateral power to redirect the use of the fund to other beneficiaries if the Organization ceases to exist or if the governing board of Foundation votes that support of the Organization either is no longer necessary or is inconsistent with the needs of the community. Because the Foundation has been granted variance power, additional funds contributed to the Foundation on behalf of the Organization are not considered to be an asset. The Foundation distributed approximately \$19,800 and \$2,600 of earnings to the Organization for the years ended June 30, 2024 and 2023, respectively. The fair value of the investments held in the fund was approximately \$74,000 and \$67,000 at June 30, 2024 and 2023, respectively, and is included in other assets in the accompanying combined statements of financial position.

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

The Organization is currently the sole income beneficiary of the Mary W. Wiggins trust, a perpetual trust established for the Organization's benefit. The trust is managed by an independent trustee, who maintains discretion over investment and distribution decisions in accordance with the trust's terms. The assets held in trust are not reflected in the Organization's combined financial statements as the trustee retains the right to re-direct assets held in the trust. Income received by the Organization from the trust was \$21,600 and \$27,246 for the years ended June 30, 2024 or 2023, respectively. The fair value of the investments held in the trust was approximately \$669,000 and \$613,000 at June 30, 2024 and 2023, respectively.

(9) **Line of Credit**

At June 30, 2024 and 2023, the Organization had a revolving line of credit from a commercial bank that allowed the Organization to borrow up to \$1,500,000 at the Term Secured Overnight Financing Rate ("SOFR") plus 1.66% (6.99% at June 30, 2024). The loan is secured by an investment account with a fair market value of \$5,124,898 and \$4,924,153 as of June 30, 2024 and 2023, respectively, and matured on September 20, 2024. Subsequent to June 30, 2024, the line of credit was renewed and matures on September 20, 2025. There was no outstanding balance on the line of credit at June 30, 2024 or 2023.

(10) **Leases**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(10) Leases - Continued

The weighted average remaining lease term as of June 30, 2024 and 2023 was 3.9 years and 1.3 years, respectively. The weighted average discount rate as of June 30, 2024 and 2023 was 3.98% and 2.84%, respectively.

For the years ended June 30, 2024 and 2023, the components of lease costs under operating leases were as follows:

	2024	2023
Operating lease cost	\$ 318,514	284,670
Short-term leases	28,953	50,462
Variable lease costs	20,900	20,942
Total lease costs	\$ 368,367	356,074

The following table summarizes cash flow information related to operating leases for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 319,569	318,514
Operating leased assets obtained in exchange for operating lease liabilities	\$ 1,064,007	499,923

The maturities of the lease liabilities as of June 30, 2024 were as follows:

	Year Ending June 30,	
2025	\$	335,830
2026		274,933
2027		195,353
2028		168,826
2029		106,307
Total payments		1,081,249
Less interest		(78,835)
Present value of lease liabilities	\$	1,002,414

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(11) Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 relate to the following:

	2024	2023
<i>Subject to time restrictions:</i>		
United Way allocations	\$ 93,534	86,598
Contributions restricted for future periods	1,332,669	1,128,958
Facilities subject to time restrictions	2,248,268	2,410,387
	3,674,471	3,625,943
 <i>Subject to use restrictions:</i>		
Contributions restricted for programs	318,655	269,878
Investment earnings restricted for programs	149,800	24,918
	468,455	294,796
 <i>Net assets held in perpetuity:</i>		
<i>Internally-controlled endowment:</i>		
Donor restricted endowment funds	4,113,069	3,781,932
<i>Externally-controlled endowment:</i>		
Beneficial interest in a perpetual trust	1,199,066	1,117,696
	5,312,135	4,899,628
	\$ 9,455,061	8,820,367

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

(12) Endowment Funds

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(12) Endowment Funds - Continued

Interpretation of Relevant Law

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

Investment Return Objectives, Risk Parameters and Strategies

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

Spending Policy

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(12) Endowment Funds - Continued

Spending Policy - Continued

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
2024:			
Board-designated endowments	\$ 20,296,237	-	20,296,237
Donor-restricted endowments	-	4,382,919	4,382,919
	\$ 20,296,237	4,382,919	24,679,156
2023:			
Board-designated endowments	\$ 19,213,543	-	19,213,543
Donor-restricted endowments	-	3,914,252	3,914,252
	\$ 19,213,543	3,914,252	23,127,795

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Balance, June 30, 2022	\$ 16,806,340	3,901,610	20,707,950
Contributions	1,171,820	-	1,171,820
Net investment income	597,691	138,756	736,447
Net appreciation	1,060,173	104,666	1,164,839
Reclassifications	219,780	(219,780)	-
Withdrawals	(642,261)	(11,000)	(653,261)
Balance, June 30, 2023	19,213,543	3,914,252	23,127,795
Contributions	127,842	-	127,842
Net investment income	581,315	118,428	699,743
Net appreciation	1,763,757	350,239	2,113,996
Withdrawals	(1,390,220)	-	(1,390,220)
Balance, June 30, 2024	\$ 20,296,237	4,382,919	24,679,156

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(13) **Retirement Plan**

The Organization sponsors a defined contribution retirement plan which covers all employees with one year's service who have attained the age of 21. For the years ended June 30, 2024 and 2023, the plan, subject to minimum funding standards, required matching contributions up to 3% of each participant's gross wages, which are paid to the plan in bi-weekly installments. Participants are immediately vested in their salary deferral contributions and become fully vested in Organization contributions over a five-year period of continuous service. Organization contributions to the plan were \$114,559 and \$98,149 for the years ended June 30, 2024 and 2023, respectively.

(14) **Donated Services and Materials**

A substantial number of volunteers have donated significant amounts of time in different projects for the Organization. In addition, materials are donated to the Organization on a periodic basis. For the years ended June 30, 2024 and 2023, total in-kind support (consisting solely of donated materials) was \$421,314 and \$284,492, respectively, of which \$0 and \$1,609, respectively, are included in special event revenue and expense. Donated materials are primarily used in the Organization's residential programs and consist of children's clothes, toys and supplies. In valuing donated materials, the Organization estimated the fair value based on wholesale values that would be received for selling similar items in the United States.

(15) **Credit and Funding Concentrations**

The Organization maintains several deposit accounts with what management believes to be high credit quality financial institutions and a large commercial brokerage. The total balances of these accounts exceeded federal deposit insurance coverage by approximately \$4.1 million and \$3.14 million at June 30, 2024 and 2023, respectively. The Organization has no financial instruments which subject it to off-balance-sheet risk.

The Organization relies to a significant extent on the federal government and the State of Florida as sources of funding. Funding from the federal government and the State of Florida represented approximately 52% and 49% of total operating support and revenue before investment return for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, approximately 56% and 47%, respectively, of total receivables from grants, contracts and the Medicaid program were comprised of funding provided by the federal government and the State of Florida.

(16) **Contingencies**

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(16) Contingencies - Continued

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

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

(17) Fair Value Measurements

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

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

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

Level 3: Valuation is based on unobservable inputs. Fair values for the receivable under remainder trusts and the beneficial interest in perpetual trust are determined by calculating the present value of expected cash flows over the term of the underlying agreements.

There have been no changes in the valuation methodologies used at June 30, 2024 and 2023. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(17) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at June 30, 2024 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income securities:				
U.S. government and agency obligations	\$ 2,186,546	-	2,186,546	-
Corporate obligations	3,280,656	-	3,280,656	-
Foreign bonds	37,524	37,524	-	-
Equity securities:				
Mutual funds	18,465,299	18,465,299	-	-
Money market funds	655,903	655,903	-	-
	<u>24,625,928</u>	<u>19,158,726</u>	<u>5,467,202</u>	<u>-</u>
Receivable under remainder trusts	1,125,359	-	-	1,125,359
Beneficial interest in perpetual trust	<u>1,199,066</u>	<u>-</u>	<u>-</u>	<u>1,199,066</u>
	<u>\$ 26,950,353</u>	<u>19,158,726</u>	<u>5,467,202</u>	<u>2,324,425</u>

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

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

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(17) Fair Value Measurements - Continued

The following table sets forth a summary of changes in fair value of assets using significant unobservable inputs (Level 3) for the years ended June 30, 2024 and 2023:

	Receivable Under Remainder Trusts	Beneficial Interest in Perpetual Trust
Balances at June 30, 2022	\$ 1,013,523	1,096,713
Total gains included in changes in net assets	56,692	20,983
Purchases, issues, sales and settlements:		
Purchases	-	-
Issues	-	-
Sales	-	-
Settlements	(56,632)	-
Balances at June 30, 2023	1,013,583	1,117,696
Total gains included in changes in net assets	111,776	81,370
Purchases, issues, sales and settlements:		
Purchases	-	-
Issues	-	-
Sales	-	-
Settlements	-	-
Balances at June 30, 2024	\$ 1,125,359	1,199,066
Change in unrealized gains for the period included in changes in net assets for assets held at June 30, 2023	\$ 56,692	20,983
Change in unrealized gains/losses for the period included in changes in net assets for assets held at June 30, 2024	\$ 111,776	81,370

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

The Organization utilizes discounted cash flow methods to estimate the fair value of the receivable under remainder trusts. At June 30, 2024, significant unobservable inputs include using discount rate of 4.2% and estimated life expectancy of 7 years. The Organization utilizes the fair value of the underlying assets held in the perpetual trust to estimate the fair value of its 100% beneficial interest in the perpetual trust.

CHILDREN'S HOME NETWORK

Notes to Combined Financial Statements - Continued

(18) Liquidity and Availability of Resources

Children's Home Network is supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal including cash and a revolving line of credit (described in Note 9).

As of June 30, 2024 and 2023, the Organization's financial assets available to meet general expenditures within one year were as follows:

	2024	2023
Financial assets:		
Cash	\$ 5,661,609	3,630,240
Accounts receivable	2,489,340	2,618,756
Contributions receivable	1,383,669	1,181,033
Investments	24,625,928	23,092,939
Beneficial interest in perpetual trusts	1,199,066	1,117,696
Total financial assets	35,359,612	31,640,664
Less amounts unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Contributions restricted for future periods	(1,263,969)	(1,052,708)
Contributions restricted for programs	(318,655)	(269,878)
Investment earnings restricted for programs	(149,800)	(24,918)
Donor restricted endowment funds	(4,113,069)	(3,781,932)
Beneficial interest in perpetual trust	(1,199,066)	(1,117,696)
Board-designations:		
Quasi-endowment	(20,296,237)	(19,213,543)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,018,816	6,179,989

(19) Risks and Uncertainties

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

SUPPLEMENTARY FINANCIAL INFORMATION

CHILDREN'S HOME NETWORK

Combining Statement of Financial Position

June 30, 2024

	The Children's Home, Inc.	The Children's Home Properties, Inc.	The Children's Home Foundation, Inc.	Eliminations	Combined Total
Assets					
Cash	\$ 4,437,960	-	1,223,649	-	5,661,609
Receivables:					
Grants and contracts	2,313,413	-	-	-	2,313,413
Medicaid	122,699	-	-	-	122,699
Accrued interest	-	-	53,228	-	53,228
Contributions	1,383,669	-	-	-	1,383,669
Intercompany	-	-	875,907	(875,907)	-
Investments	101	-	24,625,827	-	24,625,928
Prepaid expenses and other assets	695,879	-	74,027	-	769,906
Cash surrender value of life insurance	-	-	93,050	-	93,050
Beneficial interest in a perpetual trust	-	-	1,199,066	-	1,199,066
Operating lease right-of-use assets	995,503	-	-	-	995,503
Property and equipment, net	3,979,329	421,313	-	-	4,400,642
	\$ 13,928,553	421,313	28,144,754	(875,907)	41,618,713
Liabilities and Net Assets					
Liabilities:					
Accounts payable:					
Trade	\$ 238,361	-	-	-	238,361
Intercompany	875,907	-	-	(875,907)	-
Other accrued expenses	1,545,307	-	-	-	1,545,307
Deferred revenue	916,052	-	-	-	916,052
Operating lease liabilities	1,002,414	-	-	-	1,002,414
Total liabilities	4,578,041	-	-	(875,907)	3,702,134
Net assets	9,350,512	421,313	28,144,754	-	37,916,579
	\$ 13,928,553	421,313	28,144,754	(875,907)	41,618,713

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets

Year Ended June 30, 2024

	The Children's Home, Inc.	The Children's Home Properties, Inc.	The Children's Home Foundation, Inc.	Combined Total
Activities without donor restrictions:				
Operating support and revenue:				
Public support:				
Special event revenue	\$ 358,177	-	-	358,177
Less special event costs	(121,161)	-	-	(121,161)
Net revenue from special events	237,016	-	-	237,016
Contributions	1,213,122	-	38,906	1,252,028
Bequests	11,856	-	106,707	118,563
Government grants and contracts	19,529,712	-	-	19,529,712
	20,991,706	-	145,613	21,137,319
Revenue:				
Investment return designated for current operations	-	-	1,390,220	1,390,220
Medicaid	1,528,787	-	-	1,528,787
In-kind revenue	421,314	-	-	421,314
Other	79,042	-	-	79,042
	2,029,143	-	1,390,220	3,419,363
Net assets released from restrictions:				
Expiration of time restrictions	230,883	-	-	230,883
Satisfaction of donor restrictions	192,478	-	-	192,478
	423,361	-	-	423,361
Total operating support and revenue	23,444,210	-	1,535,833	24,980,043
Operating expenses:				
Program services	19,375,243	-	-	19,375,243
Supporting services:				
Management and general	3,400,573	-	2,395	3,402,968
Development and public information	598,835	-	-	598,835
	3,999,408	-	2,395	4,001,803
Total operating expenses	23,374,651	-	2,395	23,377,046
Change in net assets without donor restrictions from operations	69,559	-	1,533,438	1,602,997
Other changes:				
Investment return in excess of amounts designated for current operations	67,754	-	1,061,057	1,128,811
Affiliate contributions	30,133	-	(30,133)	-
Change in net assets without donor restrictions	167,446	-	2,564,362	2,731,808

(Continued)

CHILDREN'S HOME NETWORK

Combining Statement of Changes in Net Assets - Continued

	<u>The Children's Home, Inc.</u>	<u>The Children's Home Properties, Inc.</u>	<u>The Children's Home Foundation, Inc.</u>	<u>Combined Total</u>
Donor restricted activities:				
Support and revenue:				
Contributions	\$ 291,607	-	-	291,607
Bequests	11,300	-	101,700	113,000
Investment return	-	-	468,667	468,667
Change in value of split-interest agreements	103,411	-	-	103,411
Change in value of beneficial interest in perpetual trust	-	-	81,370	81,370
Net assets released from restrictions	<u>(423,361)</u>	<u>-</u>	<u>-</u>	<u>(423,361)</u>
Change in net assets with donor restrictions	<u>(17,043)</u>	<u>-</u>	<u>651,737</u>	<u>634,694</u>
Change in net assets	150,403	-	3,216,099	3,366,502
Net assets at beginning of year	<u>9,200,109</u>	<u>421,313</u>	<u>24,928,655</u>	<u>34,550,077</u>
Net assets at end of year	<u>\$ 9,350,512</u>	<u>421,313</u>	<u>28,144,754</u>	<u>37,916,579</u>

CHILDREN’S HOME NETWORK

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended June 30, 2024

<u>Federal Agency/ Pass-through Entity/ Federal Program</u>	<u>Federal Assistance Listing Number</u>	<u>Contract/ Grant No.</u>	<u>Total Expenditures</u>	<u>Transfers to Subrecipients</u>
U.S. Department of Agriculture:				
<i>Child Nutrition Cluster:</i>				
Passed-through State of Florida Department of Agriculture and Consumer Affairs:				
School Breakfast Program	10.553	18294	\$ 44,024	-
National School Lunch Program	10.555	18294	37,784	-
Subtotal - Child Nutrition Cluster			81,808	-
<i>SNAP Cluster:</i>				
Passed-through Family Support Services of Suncoast, LLC:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	VEN-024-CHN-FF VEN-024-CHN-KIN	41 59	- -
Passed-through Children's Network of Hillsborough, LLC:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CBA04	466	-
Passed-through Embrace Families Community Based Care, Inc.:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SEMOROSO43-2324	295	-
Passed-through Community Based Care of Brevard, Inc.:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SEMOROSO43	59	-
Subtotal - SNAP Cluster			920	-
Subtotal - U.S. Department of Agriculture			82,728	-
U.S. Department of Health and Human Services:				
Passed-through ChildNet, Inc.:				
Foster Care Title IV-E	93.658	n/a	35,066	-
			35,066	-
Passed-through Heartland for Children, Inc.:				
Foster Care Title IV-E	93.658	RA-SCN01	33,897	-
			33,897	-
Passed-through Children's Network of Hillsborough, LLC:				
Foster Care Title IV-E	93.658	DBA03 DBB01 CAB01 CBA04	9,644 527,262 98,585 374,404	- - - -
Adoption Assistance	93.659	CBA04	24,424	-
Temporary Assistance for Needy Families (TANF)	93.558	CAB01 CBA04	14,849 183,842	- -
<i>Medicaid Cluster*:</i>				
Medical Assistance Program	93.778	CBA04	2,329	-
			1,235,339	-
Passed-through Healthy Start Coalition of Hillsborough County, Inc.:				
Promoting Safe and Stable Families	93.556	HF-20-25-01	84,116	-
Temporary Assistance for Needy Families (TANF)	93.558	HF-20-25-01	153,991	-
			238,107	-

(Continued)

**See Medicaid Cluster subtotal in accompanying notes to schedule of expenditures of federal awards.*

CHILDREN'S HOME NETWORK

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

Federal Agency/ Pass-through Entity/ Federal Program	Federal Assistance Listing Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
U.S. Department of Health and Human Services - Continued:				
Passed-through from State of Florida, Department of Children and Families:				
Community-Based Child Abuse Prevention Grants	93.590	LI273	\$ 21,212	-
Child Abuse and Neglect State Grants	93.669	LI261	39,951	-
			61,163	-
Passed-through Family Support Services of Suncoast, LLC:				
Promoting Safe and Stable Families	93.556	VEN-024-CHN-FF	246	-
		VEN-024-CHN-KIN	358	-
Temporary Assistance for Needy Families (TANF)	93.558	VEN-024-CHN-FF	24,219	-
		VEN-024-CHN-KIN	35,199	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	VEN-024-CHN-FF	2,879	-
		VEN-024-CHN-KIN	4,184	-
Foster Care Title IV-E	93.658	VEN-024-CHN-FF	18,501	-
		VEN-024-CHN-KIN	26,889	-
		FSS-C6-RGC-CMI-FY24 & RA 024	174,783	-
Adoption Assistance	93.659	VEN-024-CHN-FF	2,236	-
		VEN-024-CHN-KIN	3,249	-
		FSS-C6-RGC-CMI-FY24 & RA 024	230	-
<i>Medicaid Cluster*:</i>				
Medical Assistance Program	93.778	VEN-024-CHN-FF	203	-
		VEN-024-CHN-KIN	295	-
			293,471	-
Passed-through Embrace Families Community Based Care, Inc.:				
Promoting Safe and Stable Families	93.556	SEMOROSO43-2324	1,787	-
Temporary Assistance for Needy Families (TANF)	93.558	SEMOROSO43-2324	175,845	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SEMOROSO43-2324	20,901	-
Foster Care Title IV-E	93.658	SEMOROSO43-2324	134,328	-
		CHN2100-2223	28,527	-
Adoption Assistance	93.659	SEMOROSO43-2324	16,235	-
<i>Medicaid Cluster*:</i>				
Medical Assistance Program	93.778	SEMOROSO43-2324	1,472	-
			379,095	-
Passed-through Community Brevard Family Partnership:				
Promoting Safe and Stable Families	93.556	SEMOROSO43	357	-
Temporary Assistance for Needy Families (TANF)	93.558	SEMOROSO43	35,125	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	SEMOROSO43	4,175	-
Foster Care Title IV-E	93.658	SEMOROSO43	26,832	-
		OHC 2457	3,891	-
Adoption Assistance	93.659	SEMOROSO43	3,243	-
<i>Medicaid Cluster*:</i>				
Medical Assistance Program	93.778	SEMOROSO43	294	-
			73,917	-
Subtotal - U.S. Department of Health and Human Services			2,350,055	-
Total Expenditures of Federal Awards			\$ 2,432,783	-

(Continued)

*See Medicaid Cluster subtotal in accompanying notes to schedule of expenditures of federal awards.

CHILDREN'S HOME NETWORK

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

State Agency/ Pass-through Entity/ State Project	CSFA Number	Contract/ Grant No.	Total Expenditures	Transfers to Subrecipients
Department of Children and Families:				
Passed-through Children's Network of Hillsborough, LLC:				
Out-of-Home Supports	60.074	DBB01	\$ 2,170,114	-
		DBA03	61,136	-
Extended Foster Care Program	60.141	DBB01	27,463	-
CBC Sexually Exploited Children	60.138	DBB01	8,955	-
CBC Purchase of Therapeutic Services for Children	60.183	DBB01	1,174	-
			<u>2,268,842</u>	-
Passed-through Family Support Services of Suncoast, LLC:				
Out-of-Home Supports	60.074	FSS-C6-RGC-CMI-FY24	971,221	-
Family Finders Program	60.206	VEN-024-CHN-FF	143,330	-
Kinship Navigator Program	60.207	VEN-024-CHN-KIN	381,572	-
			<u>1,496,123</u>	-
Passed-through ChildNet, Inc.:				
Out-of-Home Supports	60.074	n/a	4,827	-
Passed-through Community Brevard Family Partnership:				
Out-of-Home Supports	60.074	SEMOROSO43	1,134	-
		OHC 2457	21,750	-
			<u>22,884</u>	-
Passed-through Embrace Families Community Based Care, Inc.:				
Out-of-Home Supports	60.074	SEMOROSO43-2324	5,677	-
		CHN2100-2223	159,462	-
			<u>165,139</u>	-
Passed-through Citrus Family Care Network:				
Kinship Navigator Program	60.207	22-21	377,824	-
Passed-through Heartland for Children, Inc.:				
Out-of-Home Supports	60.074	RA-SCN01	121,360	-
Passed-through Children's Network of Southwest Florida, LLC:				
Out-of-Home Supports	60.074	SAU14	46,520	-
Passed-through Community Partnership for Children:				
Out-of-Home Supports	60.074	n/a	60,990	-
Passed-through Family Support Services of North Florida, Inc.:				
Out-of-Home Supports	60.074	n/a	35,610	-
Subtotal - Department of Children and Families			<u>4,600,119</u>	-
Total Expenditures of State of Florida State Financial Assistance			<u>\$ 4,600,119</u>	-

CHILDREN'S HOME NETWORK

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

Year Ended June 30, 2024

(1) **Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of Children's Home Network under programs of the federal and state governments for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of Children's Home Network, it is not intended to and does not present the combined financial position, changes in net assets, or cash flows of Children's Home Network.

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

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

(3) **Other**

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

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

CHILDREN'S HOME NETWORK

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

(3) Other - Continued

Total federal expenditures by federal program and state financial assistance by state project for the year ended June 30, 2024 were as follows:

AL/CSFA Number	Federal Program/State Project	Expenditures
<i>Child Nutrition Cluster:</i>		
10.553	School Breakfast Program	\$ 44,024
10.555	National School Lunch Program	37,784
		81,808
 <i>SNAP Cluster:</i>		
10.561	State Administrative Matching Grants For Food Stamp Program	920
93.556	Promoting Safe and Stable Families	86,864
93.558	Temporary Assistance for Needy Families (TANF)	608,221
93.590	Community-Based Child Abuse Prevention Grants	21,212
93.645	Stephanie Tubbs Jones Child Welfare Services Program	32,139
93.658	Foster Care Title IV-E	1,492,609
93.659	Adoption Assistance	64,466
93.669	Child Abuse and Neglect State Grants	39,951
 <i>Medicaid Cluster:</i>		
93.778	Medical Assistance Program	4,593
	Total Expenditures of Federal Awards	\$ 2,432,783
60.074	Out-of-Home Supports	\$ 3,659,801
60.138	CBC Sexually Exploited Children	8,955
60.141	Family Finders Program	27,463
60.183	CBC Purchase of Therapeutic Services for Children	1,174
60.206	Family Finders Program	143,330
60.207	Kinship Navigator Program	759,396
	Total Expenditures of State Financial Assistance	\$ 4,600,119

INTERNAL CONTROL AND COMPLIANCE



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

The Boards of Directors
Children's Home Network:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to combined financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Children's Home Network (the "Organization"), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of support and revenue, expenses and other changes in net assets without donor restrictions, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

CBIZ CPAs P.C.¹

December 27, 2024
St. Petersburg, Florida

¹In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.



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

The Boards of Directors
Children’s Home Network:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Children’s Home Network’s (the “Organization”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services’ *State Projects Compliance Supplement* that could have a direct and material effect on the Organization’s major federal program and state project for the year ended June 30, 2024. The Organization’s major federal program and state project are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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



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

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

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

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

We have audited the combined financial statements of Children's Home Network as of and for the year ended June 30, 2024, and have issued our report thereon dated December 27, 2024, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650 and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the combined financial statements as a whole.

CBIZ CPAs P.C.¹

December 27, 2024
St. Petersburg, Florida

¹In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

(A) Summary of Auditors' Results

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

Federal Program:

Foster Care Program (AL No. 93.658)

State Project:

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

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

CHILDREN'S HOME NETWORK

Schedule of Findings and Questioned Costs - Continued

(B) Findings - Audit of Combined Financial Statements

None.

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

None.

(D) Other Issues

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the audit of the combined financial statements in 2023 or major federal programs or state projects.



Management Letter

The Board of Directors
Children's Home Network:

Report on the Combined Financial Statements

We have audited the combined financial statements of Children's Home Network as of and for the year ended June 30, 2024, and have issued our report thereon dated December 27, 2024.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Combined Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 27, 2024, our Independent Auditors' Report on Compliance for Each Major Federal Program and State Project, on Internal Control Over Compliance, and on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650, *Rules of the State of Florida Auditor General* dated December 27, 2024, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule should be considered in conjunction with this management letter.

Other Matter

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

Purpose of the Letter

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

*CBIZ CPAs P.C.*¹

December 27, 2024
St. Petersburg, Florida

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