

COMMUNITIES CONNECTED FOR KIDS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

COMMUNITIES CONNECTED FOR KIDS, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Communities Connected for Kids, Inc.:

Report on the Financial Statements

Opinion

We have audited the financial statements of Communities Connected for Kids, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Communities Connected for Kids, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities Connected for Kids, Inc. 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Communities Connected for Kids, Inc.'s ability to continue as a going concern for a reasonable period of time.

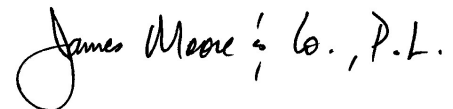
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of Communities Connected for Kids, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities Connected for Kids, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
December 17, 2024

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 4,329,711	\$ 4,178,279
Grants and contracts receivable	682,481	2,177,461
Prepaid expenses	331,609	260,362
Total current assets	5,343,801	6,616,102
Operating lease right of use asset, net	3,518,568	3,242,074
Finance lease right of use asset, net	161,688	-
Deposits	39,520	76,020
Restricted cash and cash equivalents - Client trust funds	316,384	196,059
Other non-current assets	-	50,000
Total Assets	\$ 9,379,961	\$ 10,180,255
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,759,901	\$ 3,221,375
Due to The Devereux Foundation	493,283	381,497
Refundable advance - grants	86,015	1,421,550
Current portion of operating lease liability	836,112	603,138
Current portion of financing lease liability	34,988	-
Total current liabilities	4,210,299	5,627,560
Long-term liabilities		
Operating lease liability, less current portion	2,767,797	2,706,557
Financing lease liability, less current portion	129,139	-
Client trust funds	316,384	196,059
Total long-term liabilities	3,213,320	2,902,616
Total liabilities	7,423,619	8,530,176
Net assets without donor restrictions		
Undesignated	2,044,122	1,717,700
Invested in property and equipment	(87,780)	(67,621)
Total net assets without donor restrictions	1,956,342	1,650,079
Total Liabilities and Net Assets	\$ 9,379,961	\$ 10,180,255

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

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Revenues		
Grants and contracts	\$ 41,285,702	\$ 40,689,577
Contributions	24,698	15,485
Consulting fees	269,952	308,214
Loss on sale of investment	(20,000)	-
Other	67,314	-
Total revenues	41,627,666	41,013,276
Expenses		
Program services	38,159,638	37,750,877
Management and general	3,161,765	3,118,983
Total expenses	41,321,403	40,869,860
Increase in net assets without donor restriction	306,263	143,416
Net assets , without donor restriction, beginning of year	1,650,079	1,506,663
Net assets , without donor restriction, end of year	\$ 1,956,342	\$ 1,650,079

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

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Bank Charges	\$ -	\$ 23,347	\$ 23,347
Amortization	21,423	3,452	24,875
Employee Benefits	1,700,822	476,310	2,177,132
Insurance	-	194,371	194,371
Interest	4,647	749	5,396
Operating lease expense	802,641	129,313	931,954
Occupancy	343,068	55,272	398,340
Office	51,313	5,072	56,385
Other	51,818	52,213	104,031
Public Relations & Advertising	28,617	2,079	30,696
Purchased Services:			
Foster Care	2,158,437	-	2,158,437
Case Management	4,856,639	-	4,856,639
Adoptions	11,917,689	-	11,917,689
Outpatient	746,522	-	746,522
Independent Living	288,960	-	288,960
Residential & Group Care	8,339,697	-	8,339,697
Ancillary & Administrative	-	502,880	502,880
Other	474,284	2,741	477,025
Salaries & Wages	6,135,821	1,708,305	7,844,126
Supplies	237,240	5,661	242,901
Total expenses	<u>\$ 38,159,638</u>	<u>\$ 3,161,765</u>	<u>\$ 41,321,403</u>

The accompanying notes to the financial statements
are an integral part of this statement.

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Bank Charges	\$ 515	\$ 23,992	\$ 24,507
Depreciation	2,799	-	2,799
Employee Benefits	1,522,113	444,135	1,966,248
Insurance	-	180,465	180,465
Operating lease expense	584,710	112,265	696,975
Occupancy	851,022	163,397	1,014,419
Office	76,093	3,017	79,110
Other	84,410	42,790	127,200
Public Relations & Advertising	54,471	5,774	60,245
Purchased Services:			
Foster Care	2,730,105	-	2,730,105
Case Management	5,006,878	-	5,006,878
Adoptions	11,369,478	-	11,369,478
Outpatient	726,265	-	726,265
Independent Living	323,384	-	323,384
Residential & Group Care	7,840,229	-	7,840,229
Ancillary & Administrative	-	525,540	525,540
Other	507,829	3,705	511,534
Salaries & Wages	5,853,735	1,611,175	7,464,910
Supplies	216,841	2,728	219,569
Total expenses	<u>\$ 37,750,877</u>	<u>\$ 3,118,983</u>	<u>\$ 40,869,860</u>

The accompanying notes to the financial statements
are an integral part of this statement.

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Increase in net assets without donor restriction	\$ 306,263	\$ 143,416
Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	-	2,799
Amortization of right-of- use asset	842,693	-
Change in assets and liabilities:		
Accounts receivable	1,494,980	(2,177,461)
Prepaid expenses	(71,247)	(33,187)
Deposits	36,500	(39,279)
Loss on investment - Child Welfare Trust	20,000	-
Refundable advance - grants	(1,335,534)	(1,135,959)
Accounts payable and accrued expenses	(461,475)	(173,906)
Due to The Devereux Foundation	111,786	(65,399)
Client trust funds	120,325	21,590
Operating lease liabilities	(800,098)	67,621
	(42,070)	(3,533,181)
Total adjustments		
Net cash (used in) provided by operating activities	264,193	(3,389,765)
Cash flows from financing activities		
Principal payments on finance lease liability	(22,436)	-
Cash flows from investing activities		
Sale of Investment - Child Welfare Trust	30,000	-
Net change in cash and cash equivalents	271,757	(3,389,765)
Cash and cash equivalents, beginning of period	4,374,338	7,764,103
Cash and cash equivalents, end of period		
(Including \$316,384 and \$196,059 reported in restricted accounts at June 30, 2024 and 2023, respectively)	\$ 4,646,095	\$ 4,374,338
Supplemental disclosure of non-cash investing and financing activities		
Right-of-use assets obtained in exchange for financing lease obligations	\$ 186,563	\$ -
Right-of-use assets obtained in exchange for operating lease obligations	\$ 1,094,312	\$ 3,836,967

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

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:**

(a) **General**—Devereux Community Based Care, Inc., a Florida not-for-profit corporation (the Organization), was formed on September 5, 2012, and started operations on November 1, 2013. The Organization has been operating under a contract with the Florida Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, foster care supervision, intensive residential treatment, independent living, family reunification, and adoption and appropriate related services in Indian River, Martin, Okeechobee and St. Lucie counties. Effective July 1, 2018, Devereux Community Based Care, Inc. changed its name to Communities Connected for Kids, Inc.

(b) **Basis of financial reporting**—The Organization’s financial statements have been prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

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

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time.

The Organization has no net assets with donor restrictions at June 30, 2024 and 2023, and all support and revenue is considered without donor restriction for the years ended June 30, 2024 and 2023.

(c) **Revenue Recognition**—Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the financial statements as net assets released from restrictions. Contributions received with purpose or time restrictions that are met in the same reporting period are reported as donations and increase net assets without donor restrictions. Contributed property and equipment is recorded at fair value at the date of donation. We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A significant 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/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Organization received amounts in advance under state and local contracts and grants of \$86,015 and \$1,421,550 that have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Cash and cash equivalents**—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) **Restricted cash and cash equivalents**—Restricted cash and cash equivalents include Social Security client trust funds held by the Organization for current needs for children receiving protection, shelter and supervision services. These funds are required to be maintained in a separate bank account.

(f) **Grants and Contracts receivable**—Grants and contracts receivable consist of amounts due to the Organization from governmental units under the terms of various grant contracts. Due to the nature of these agencies, no allowance for uncollectible amounts has been established.

(g) **Income taxes**—The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization's income tax return for the past year three years are subject to examination by tax authorities, and may change upon examination. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

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

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

Property and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

(j) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated based on the approved DCF cost allocation plan.

(k) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 17, 2024, the date the financial statements were available to be issued, noting none.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Donated services and materials**—Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Volunteer services provided to the Organization to carry out its mission do not meet the criteria used to record donated services; therefore, they have not been recorded in the financial statements.

(m) **Leases**—The Organization leases office equipment and commercial building space. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's statement of financial position. Finance leases are included in finance lease right-of-use assets and finance lease liabilities on the Organization's statements 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 the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, the Organization recognizes an asset representing its right to use the leased property and a corresponding liability representing its obligation to make lease payments. The ROU asset is initially recorded at the present value of lease payments and amortized over the lease term. The lease liability is recognized at the present value of the lease payments, using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Organization's incremental borrowing rate. Interest on the lease liability is recognized using the effective interest method.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as office space, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

(n) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issue new or modifications to, or interpretations of existing accounting guidance during the year ended June 30, 2024, and earlier years. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Recently issued accounting pronouncements** (Continued)—In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivables.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

(2) **Contingencies:**

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

(3) **Concentration of Credit Risk:**

Significant concentrations of credit risk for all financial instruments owned by the Organization for the year ended June 30, 2024, are as follows:

- (a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$4,913,470 and \$4,659,664 at June 30, 2024 and 2023, respectively. Uninsured balances totaled \$4,207,018 and \$4,122,357 at June 30, 2024 and 2023, respectively. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization’s deposits may not be returned. The Organization’s deposits at each financial institution are federally insured by FDIC up to \$250,000.
- (b) **Grants and contracts receivable**—The Organization’s receivables are for amounts due under contracts with state and Federal agencies. The Organization has no policy requiring collateral or other security to support its receivables.

(4) **Liquidity Resources:**

The table below presents financial assets and liquidity resources available for general expenditures within one year:

	<u>2024</u>	<u>2023</u>
Financial assets available within one year, at year end:		
Cash and cash equivalents	\$ 4,329,711	\$ 4,178,279
Grants and contracts receivable	682,481	2,177,461
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,012,192</u>	<u>\$ 6,355,740</u>

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(4) **Liquidity Resources:** (Continued)

As shown in the table above, the Organization has adequate financial assets available to meet liquidity needs. The Organization receives significant grant funds each year, which are entirely available to meet annual cash needs for general and program expenditures as the Organization has no donor restricted or designated net assets. The Organization is reliant on this grant funding to meet liquidity needs, as discussed in Note 6.

(5) **Other Assets – Child Welfare Trust:**

The Child Welfare Trust (the “Trust”) was formed by limited partners and is a risk pool formed to provide assets to meet the obligations of the prepaid mental health program. Each partner made an initial contribution to the Trust at the time they began participating in the partnership. The Organization made an initial contribution of \$50,000 in the year ended June 30, 2014, and is included in other non-current assets on the accompanying statements of financial position. The Organization shares in this risk pool based on their respective ownership percentage. The Organization may be required to fund the risk pool on an annual basis based on the medical loss ratio. Quarterly, the general partner makes a determination whether the assets held in the risk pool are sufficient to meet the obligations of the prepaid mental health program in the Organization’s service areas. If funding of the risk pool is required, the Organization may be required to utilize unrestricted funds as it is not a chargeable expense under the grant agreement with the State of Florida, Department of Children and Families as discussed in Note 1(a).

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee’s cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management’s assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. For the years ended June 30, 2024 and 2023, the Organization was not required to make any additional contributions. For the year ended June 30, 2024, the Organization did not receive any distributions from the trust. For the year ended June 30, 2023, the Organization received distributions from the trust of approximately \$49,000, which is included in other revenue in the accompanying financial statements. In November 2023, the Organization sold its ownership back to the investee at a purchase price of \$30,000 and recognized a loss on the sale of \$20,000 for the year ended June 30, 2024, which is also included on the statement of financial position.

(6) **Significant Funding Source:**

For the year ended June 30, 2024, the Organization received approximately 45% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida Department of Children and Families and approximately 54% of its funding directly from the State of Florida Department of Children and Families. For the year ended June 30, 2023, the Organization received approximately 47% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida Department of Children and Families and approximately 52% of its funding directly from the State of Florida Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization’s programs and activities.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(7) Operating and Financing Leases:

The Organization has operating and finance leases for office equipment (commercial copiers) and buildings, which have remaining lease terms expiring in fiscal year 2028. As of June 30, 2024 assets recorded under finance lease were \$161,688 and accumulated amortization associated with finance leases was \$24,875. At June 30, 2023, there were no assets recorded under finance lease and no associated accumulated amortization.

The components of lease expense for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 931,954	\$ 696,975
Amortization of right-of-use assets	24,875	-
Interest on lease liabilities	5,396	-
	<u>\$ 962,225</u>	<u>\$ 696,975</u>

Other information related to leases for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 895,454	\$ 629,354
Operating cash flows from finance leases	4,760	-
Financing cash flows from finance leases	19,593	-
ROU assets obtained in exchange for new operating lease liabilities	1,075,533	3,836,967
ROU assets obtained in exchange for new finance leases	183,084	-
Weighted-average remaining lease term—operating leases	4.00 years	5.00 years
Weighted-average remaining lease term—finance leases	4.33 years	-
Weighted-average discount rate—operating leases	2.88%	2.88%
Weighted-average discount rate—finance leases	4.67%	-

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 926,701	\$ 41,748
2026	946,457	41,748
2027	959,646	41,748
2028	980,351	41,748
2029	-	13,916
Thereafter	-	-
Total undiscounted cash flows	3,813,155	180,908
Less: present value discount	(209,246)	(16,781)
Total lease liabilities	<u>\$ 3,603,909</u>	<u>\$ 164,127</u>

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(8) **Retirement Plan:**

The Organization, through its affiliation with Devereux, participates in several employee benefit plans administered by Devereux, including a defined contribution retirement plan covering all eligible employees, which is administered by TIAA. To be eligible for an employer contribution, an employee must have completed two years of service, work a minimum of 1,000 hours annually, and be active at the end of the plan year (December 31). Contributions to the plan are generally based on 5% of the employee's compensation, plus a match of employee contributions up to 2% of compensation, and are made annually each January. These contributions are credited to individual annuity contracts owned by each participant and are charged to expense when earned. Contribution expense was \$381,508 and \$364,407 in 2024 and 2023, respectively.

(9) **Litigation:**

The Organization is subject to certain claims and contracts arising in the normal course of its activities. After consultation with legal counsel, at this time management has no reason to believe resolution of these matters will have a material adverse effect on the Organization's future financial position or results from operations.

COMMUNITIES CONNECTED FOR KIDS, INC.

ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2024

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor, Pass-Through Grantor, State Grantor Program Title	Federal AL Number	State CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS					
U. S. Department of Agriculture:					
SNAP Cluster:					
Passed through State of Florida State Administrative Matching Grants for The Supplemental Nutrition Assistance Program Total SNAP Cluster	10.561	--	ZJK85	\$ 1,701	\$ 5,529
				<u>1,701</u>	<u>5,529</u>
Total U.S. Department of Agriculture				<u>1,701</u>	<u>5,529</u>
U. S. Department of Health and Human Services:					
Passed through State of Florida Guardianship Assistance	93.090	--	ZJK85	-	220,895
Promoting Safe and Stable Families	93.556	--	ZJK85	1,164,750	1,781,660
Temporary Assistance for Needy Families	93.558	--	ZJK85	1,074,836	3,548,199
Community Based Family Resource and Support Grants	93.590	--	ZJK85	-	59,910
Chafee Education and Training Vouchers Program (ETV)	93.599	--	ZJK85	-	69,242
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	ZJK85	120,623	387,454
Foster Care-Title IV-E	93.658	--	ZJK85	1,615,513	5,131,862
Adoption Assistance	93.659	--	ZJK85	478,381	6,217,470
Social Services Block Grant	93.667	--	ZJK85	322,963	776,155
Child Abuse and Neglect State Grants	93.669	--	ZJK85	25,540	25,324
Chafee Foster Care Independence Program	93.674	--	ZJK85	-	167,422
Grants to States for Access and Visitation Programs	93.597		ZJK85	-	31,672
Medical Cluster					
Passed through State of Florida Medical Assistance Program Total Medical Cluster	93.778	--	ZJK85	8,506	396,814
				<u>8,506</u>	<u>396,814</u>
Total U.S. Department of Health and Human Services				<u>4,811,112</u>	<u>18,814,079</u>
Total Expenditures of Federal Awards				<u>4,812,813</u>	<u>18,819,608</u>
STATE FINANCIAL ASSISTANCE					
State of Florida, Department of Children and Families:					
Out of Home Supports	--	60.074	ZJK85	2,377,249	4,170,312
Adoption Services	--	60.076	ZJK85	750	274,728
Independent Living	--	60.112	ZJK85	-	25,245
Sexually Exploited Children	--	60.138	ZJK85	15,075	161,697
Extended Foster Care Program	--	60.141	ZJK85	-	159,875
Purchase Therapeutic Services for Children	--	60.183	ZJK85	43,237	166,486
Family Finders Program	--	60.206	ZJK85	-	158,592
Kinship Navigator Program	--	60.207	ZJK85	-	725,436
Guardianship Assistance Program	--	60.210	ZJK85	-	77,903
Fatherhood Engagement Specialists	--	60.211	ZJK85	112,399	141,013
Early Childhood Court Case Management and Prevention Services	--	60.225	ZJK85	8,430	25,253
State Funded Child Care Subsidy	--	60.224	ZJK85	-	382,321
Total State of Florida, Department of Children and Families:				<u>2,557,140</u>	<u>6,468,861</u>
Total Expenditures of State Financial Assistance				<u>2,557,140</u>	<u>6,468,861</u>
Total Federal Awards and State Financial Assistance				<u>\$ 7,369,953</u>	<u>\$ 25,288,469</u>

The accompanying notes to the schedule of expenditures of federal awards and state assistance are an integral part of this schedule.

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024
(Continued)

Note (1): Basis of Accounting

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. None of the Federal awards or State financial assistance expended by the Organization were in the form of noncash assistance, there was no insurance in effect during the year related to Federal awards, nor were there any loans or loan guarantees outstanding at year-end. 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, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note (2): Service Provided Contracts

Only expenses incurred in accordance with the contract terms are reported as expenditures on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note (3): Pass-Through Awards

Communities Connected for Kids, Inc. receives certain Federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note (4): De Minimis Indirect Cost Rate Election

Communities Connected for Kids, Inc. does not elect to use the 10% de minimis indirect cost rate as covered in 200.414, *Indirect (F&A)* costs of the Uniform Guidance.

Note (5): Matching Funds for Federal Programs

The following funds were provided by the State of Florida, through the Department of Children and Families as matching funds for the Federal Programs under Contract No. ZJK85 as follows:

Name of Program	<u>ALN Number</u>	<u>Amount</u>
State Administrative Matching Grants for The Supplemental Nutrition Assistance Program	10.561	\$ 5,529
State Department of Children and Families	90.XXX	4,279,960
Guardianship Assistance	93.090	160,221
Promoting Safe and Stable Families	93.556	10,507
Temporary Assistance for Needy Families "TANF Cluster"	93.558	1,684,746
Community Based Family Resource and Support Grants	93.590	14,977
Chafee Education and Training Vouchers Program (ETV)	93.599	12,802
Stephanie Tubbs Jones Child Welfare Services Program	93.645	129,151
Foster Care -Title IV-E	93.658	4,546,644
Adoption Assistance	93.659	4,714,026
Chafee Foster Care Independence Program	93.674	41,856
Medical Assistance Program "Medicaid Cluster"	93.778	396,814
Total State Funds Awarded for Matching		<u>\$ 15,997,233</u>

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

To the Board of Directors,
Communities Connected for Kids, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Communities Connected for Kids, Inc., which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 17, 2024.

Report on Internal Control over Financial Reporting

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

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

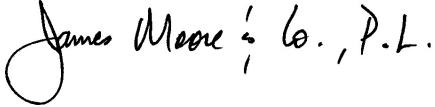
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Communities Connected for Kids, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 result 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.

James Moore & Co., P.L.

Gainesville, Florida
December 17, 2024

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

To the Board of Directors,
Communities Connected for Kids, Inc.:

Report on Compliance for Each Major Federal Program and Major State Project

Opinion on Each Major Federal Program and Major State Project

We have audited Communities Connected for Kids, Inc. compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the *Department of Financial Services* State Projects Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs and major state projects for the year ended June 30, 2024. Communities Connected for Kids, Inc. major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Communities Connected for Kids, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and Major 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 (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Chapter 10.650, Rules of the Auditor General, and the Uniform Guidance, 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 Communities Connected for Kids, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Communities Connected for Kids, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

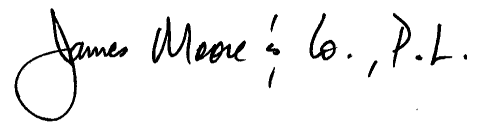
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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 may exist that have not been 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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J" and "M".

Gainesville, Florida
December 17, 2024

**COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs: ALN 93.658, Foster Care Title IV-E

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

Auditee qualified as low-risk auditee? Yes No

State Financial Assistance

Internal control over major projects:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2024
(Continued)

Section I. Summary of Auditors' Results: (Continued)

Type of auditors' report issued on compliance for major projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.650?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Identification of major project:	CSFA 60.074, Out of Home Supports
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000

Section II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With *Government Auditing Standards*:

There are no current year audit findings.

Section III. Findings and Questioned Costs for Federal Awards:

There are no current year audit findings.

Section IV. Findings and Questions Costs for State Financial Assistance:

There are no current year audit findings.

Section V. Prior Audit Findings for Federal Awards for the Year Ended June 30, 2023:

There were no prior year audit findings.

Section VI. Prior Audit Findings for State Financial Assistance for the Year Ended June 30, 2023:

There were no prior year audit findings.

Section VII. Management Letter

No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance, not already reported in this schedule, required to be reported in the management letter.