



A S S U R A N C E D I M E N S I O N S

Financial Statements, Supplemental Information and
Regulatory Reports

Family Resources, Inc.

June 30, 2024 and 2023

Family Resources, Inc.

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of
Family Resources, Inc.

Opinion

We have audited the accompanying financial statements of **Family Resources, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Family Resources, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Family Resources, Inc.** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

ASSURANCE DIMENSIONS, LLC
also d/b/a **McNAMARA and ASSOCIATES, LLC**

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- 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.650, Rules of the Auditor General of the State of Florida, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 October 17, 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.

Assurance Dimensions

Tampa, Florida
October 17, 2024

ASSURANCE DIMENSIONS, LLC
also d/b/a McNAMARA and ASSOCIATES, LLC

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Family Resources, Inc.
Statements of Financial Position
As of June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,491,847	\$ 3,034,487
Grants receivable	1,056,128	990,961
Investments	619,993	696,331
Other current assets	305,693	290,742
Total current assets	<u>6,473,661</u>	<u>5,012,521</u>
PROPERTY AND EQUIPMENT, NET	5,226,417	5,280,516
BOARD RESTRICTED INVESTMENTS	162,937	152,921
INTEREST RATE SWAP ASSET	-	6,849
OTHER ASSETS	8,813	8,813
TOTAL ASSETS	<u>\$ 11,871,828</u>	<u>\$ 10,461,620</u>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 391,163	\$ 439,191
Accrued payroll	81,191	67,994
Accrued benefits	151,477	155,632
Deferred revenue	5,899	62,655
Short-term portion of notes payable	-	167,667
Total current liabilities	<u>629,730</u>	<u>893,139</u>
LONG TERM LIABILITIES		
Long-term portion of notes payable	745,474	996,974
Total long term liabilities	<u>745,474</u>	<u>996,974</u>
TOTAL LIABILITIES	<u>1,375,204</u>	<u>1,890,113</u>
NET ASSETS		
Without donor restrictions:		
Operating	6,015,684	4,455,371
Net investment in land, buildings and equipment	4,369,378	3,915,809
Total net assets without donor restrictions	<u>10,385,062</u>	<u>8,371,180</u>
With donor restrictions	111,562	200,327
Total net assets	<u>10,496,624</u>	<u>8,571,507</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,871,828</u>	<u>\$ 10,461,620</u>

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

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant revenues	\$ 9,804,476	\$ -	\$ 9,804,476
Contributions of nonfinancial assets	181,820	-	181,820
Rental income	51,851	-	51,851
Contributions and fundraising	66,015	-	66,015
	<u>10,104,162</u>	<u>-</u>	<u>10,104,162</u>
Net assets released from restrictions	88,765	(88,765)	-
Total support and revenue	<u>10,192,927</u>	<u>(88,765)</u>	<u>10,104,162</u>
EXPENSES			
Program expenses	7,957,811	-	7,957,811
Supporting Services:			
Development and fundraising	6,349	-	6,349
Management and general	960,943	-	960,943
Total supporting services	<u>967,292</u>	<u>-</u>	<u>967,292</u>
Total expenses	<u>8,925,103</u>	<u>-</u>	<u>8,925,103</u>
Increase (decrease) in net assets before other changes	1,267,824	(88,765)	1,179,059
OTHER INCOME (EXPENSE)			
Change in value on interest rate swap agreement	(2,140)	-	(2,140)
Net investment income	219,773	-	219,773
Employee Retention Credit, net	528,425	-	528,425
	<u>746,058</u>	<u>-</u>	<u>746,058</u>
CHANGE IN NET ASSETS	2,013,882	(88,765)	1,925,117
NET ASSETS AT THE BEGINNING OF YEAR	8,371,180	200,327	8,571,507
NET ASSETS AT THE END OF YEAR	<u>\$ 10,385,062</u>	<u>\$ 111,562</u>	<u>\$ 10,496,624</u>

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

Family Resources, Inc.
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant revenues	\$ 9,122,837	\$ -	\$ 9,122,837
Contributions of nonfinancial assets	166,212	-	166,212
Contributions and fundraising	57,171	-	57,171
Rental income	35,387	-	35,387
	<u>9,381,607</u>	<u>-</u>	<u>9,381,607</u>
Net assets released from restrictions	88,765	(88,765)	-
Total support and revenue	<u>9,470,372</u>	<u>(88,765)</u>	<u>9,381,607</u>
EXPENSES			
Program expenses	7,744,416	-	7,744,416
Supporting services:			
Development and fundraising	4,574	-	4,574
Management and general	1,210,102	-	1,210,102
Total supporting services	<u>1,214,676</u>	<u>-</u>	<u>1,214,676</u>
Total expenses	<u>8,959,092</u>	<u>-</u>	<u>8,959,092</u>
Increase (decrease) in net assets before other changes	511,280	(88,765)	422,515
OTHER INCOME			
Change in value on interest rate swap agreement	4,049	-	4,049
Net investment income	69,655	-	69,655
Employee Retention Credit, net	979,937	-	979,937
	<u>1,053,641</u>	<u>-</u>	<u>1,053,641</u>
CHANGE IN NET ASSETS	1,564,921	(88,765)	1,476,156
NET ASSETS AT THE BEGINNING OF YEAR	6,806,259	289,092	7,095,351
NET ASSETS AT THE END OF YEAR	<u>\$ 8,371,180</u>	<u>\$ 200,327</u>	<u>\$ 8,571,507</u>

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

Family Resources, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,925,117	\$ 1,476,156
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	362,183	344,489
Unrealized gain on investments	(61,349)	(94,465)
Net depreciation (appreciation) on board restricted investments	(6,906)	683
Change in fair value of interest rate swap	2,140	(4,049)
Increase (decrease) in cash due to changes in:		
Grants receivable	(65,167)	(117,257)
Other assets	(14,951)	(112,174)
Accounts payable and accrued liabilities	(48,028)	243,841
Accrued payroll and benefits	9,042	33,987
Deferred revenue	(56,756)	8,765
Net cash provided by operating activities	<u>2,045,325</u>	<u>1,779,976</u>
Cash flows from investing activities:		
Purchases of property and equipment	(308,084)	(714,882)
Purchases of investments	(1,297,708)	(234,616)
Proceeds from sale of investments	1,432,285	326,460
Net cash used by investing activities	<u>(173,507)</u>	<u>(623,038)</u>
Cash flows from financing activities:		
Principal payments on long-term debt	(414,458)	(167,666)
Net cash used by financing activities	<u>(414,458)</u>	<u>(167,666)</u>
Net increase in cash and cash equivalents	1,457,360	989,272
Cash and cash equivalents, beginning of period	3,034,487	2,045,215
Cash and cash equivalents, end of period	<u>\$ 4,491,847</u>	<u>\$ 3,034,487</u>
Supplemental and non-cash Disclosures:		
Interest paid	<u>\$ 13,947</u>	<u>\$ 18,905</u>

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

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	<u>Total Program Cost</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 3,237,465	\$ 532,265	\$ -	\$ 532,265	\$ 3,769,730
Payroll Taxes	213,064	28,622	-	28,622	241,686
Employee insurance	348,877	29,822	-	29,822	378,699
Employee retirement	41,714	26,233	-	26,233	67,947
Total salaries and related expenses	<u>3,841,120</u>	<u>616,942</u>	<u>-</u>	<u>616,942</u>	<u>4,458,062</u>
Client services	2,699,403	-	-	-	2,699,403
Contract services	107,944	52,253	-	52,253	160,197
Insurance	147,253	48,579	-	48,579	195,832
Repairs and maintenance	116,327	23,424	-	23,424	139,751
Communications	123,743	10,580	-	10,580	134,323
Utilities	105,912	7,276	-	7,276	113,188
Rent	31,298	16,068	-	16,068	47,366
Donated rent	91,529	-	-	-	91,529
Donated services	88,175	-	-	-	88,175
Software	46,207	33,349	-	33,349	79,556
Vehicles	52,097	2,693	-	2,693	54,790
Professional fees	27,991	34,776	800	35,576	63,567
Personnel recruiting	36,846	2,217	-	2,217	39,063
Professional Dues	41,819	4,170	426	4,596	46,415
Travel	39,448	9,086	-	9,086	48,534
Other	5,770	2,664	1,159	3,823	9,593
Office supplies	20,797	1,698	-	1,698	22,495
Personnel training	6,882	7,448	177	7,625	14,507
Interest	13,947	-	-	-	13,947
Shelter furnishings	16,013	-	-	-	16,013
Facility expenses	16,069	378	-	378	16,447
Public relations	5,588	792	445	1,237	6,825
Fundraising	-	-	3,342	3,342	3,342
Total expenses before depreciation	<u>7,682,178</u>	<u>874,393</u>	<u>6,349</u>	<u>880,742</u>	<u>8,562,920</u>
Depreciation	275,633	86,550	-	86,550	362,183
Total expenses	<u>\$ 7,957,811</u>	<u>\$ 960,943</u>	<u>\$ 6,349</u>	<u>\$ 967,292</u>	<u>\$ 8,925,103</u>

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

Family Resources, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Total Program Cost</u>	<u>Management and General</u>	<u>Development and Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Salaries	\$ 3,040,670	\$ 632,899	\$ -	\$ 632,899	\$ 3,673,569
Payroll Taxes	246,902	46,602	-	46,602	293,504
Employee insurance	301,380	31,650	-	31,650	333,030
Employee retirement	38,111	24,179	-	24,179	62,290
Total salaries and related expenses	<u>3,627,063</u>	<u>735,330</u>	<u>-</u>	<u>735,330</u>	<u>4,362,393</u>
Client services	2,746,428	-	-	-	2,746,428
Contract services	109,269	137,162	50	137,212	246,481
Insurance	114,258	47,563	-	47,563	161,821
Repairs and maintenance	132,497	19,731	-	19,731	152,228
Communications	126,734	17,980	174	18,154	144,888
Utilities	99,018	13,197	-	13,197	112,215
Rent	74,700	21,236	-	21,236	95,936
Donated rent	91,529	737	-	737	92,266
Donated services	57,619	16,327	-	16,327	73,946
Software	41,039	23,194	119	23,313	64,352
Vehicles	47,391	365	-	365	47,756
Professional fees	13,741	31,891	-	31,891	45,632
Personnel recruiting	38,534	2,488	-	2,488	41,022
Professional Dues	38,443	634	76	710	39,153
Travel	33,971	4,729	-	4,729	38,700
Other	10,214	23,987	286	24,273	34,487
Office supplies	27,751	6,582	-	6,582	34,333
Personnel training	15,207	3,401	360	3,761	18,968
Interest	18,905	-	-	-	18,905
Shelter furnishings	18,264	-	-	-	18,264
Facility expenses	1,792	12,280	-	12,280	14,072
Public relations	5,348	1,500	138	1,638	6,986
Fundraising	-	-	3,371	3,371	3,371
Total expenses before depreciation	<u>7,489,715</u>	<u>1,120,314</u>	<u>4,574</u>	<u>1,124,888</u>	<u>8,614,603</u>
Depreciation	254,701	89,788	-	89,788	344,489
Total expenses	<u>\$ 7,744,416</u>	<u>\$ 1,210,102</u>	<u>\$ 4,574</u>	<u>\$ 1,214,676</u>	<u>\$ 8,959,092</u>

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

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note A – Nature of Business and Organization

Family Resources, Inc. (“the Organization”), is chartered as a Florida Corporation, not-for-profit, which provides a wide range of services as follows:

Community Based Services – provides prevention and early intervention services designed to keep families together and keep children out of the juvenile justice and child welfare systems. This includes individual and family counseling, and truancy prevention services. Other community based services include an after-school enrichment program with two locations, relationship and parenting education programs, truancy program services, and street outreach for homeless and at-risk youth ages 16-24 with access to a resource center.

Residential Program – provides youth between the ages of 10-17 access to short-term residential care and counseling at three shelter locations in Pinellas and Manatee counties. The teen shelters provide respite and intervention to youth and families in crisis, with truancy issues, and who are in need of behavioral support.

Child Care Food Program – provides financial support to licensed family child care providers by reimbursing them for serving nutritious meals and snacks to children in their care.

Funding is provided primarily by direct and sub-grant agreements with the U.S. Department of Health and Human Services, U.S. Department of Agriculture via Florida Department of Health, Florida Department of Juvenile Justice, and locally through the Juvenile Welfare Board of Pinellas County and Manatee County Government. Grant funding is primarily contracted on a three to five year basis. There are no assurances of continued funding.

Note B – Significant Accounting Policies

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies, and uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, state, local government and public grants are recorded as revenue when performance occurs under the terms of the corresponding grant agreements.

Basis of Presentation

The accompanying financial statements include the accounts of Family Resources, Inc. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restriction* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors (the “Board”) has designated, from net assets without donor restrictions, net assets for various reasons.
- *Net assets with donor restriction* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note B – Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

Effective July 1, 2023, the Organization adopted the new lease accounting guidance in ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326)*. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts, and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Organization adopted the standard using the modified retroactive approach, which did not affect retained earnings.

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. For purposes of reporting cash flows, cash and cash equivalents include cash on hand and certificates of deposit that are purchased with original maturities of three months or less. At times, cash may be in excess of FDIC insurance limits. As of June 30, 2024 and 2023, cash balances exceeded FDIC insurance limits by approximately \$3,765,000 and \$2,534,000, respectively. The Company has not experienced any losses in such accounts and does not believe that it is exposed to significant risks from excess deposits.

Grants Receivable

Receivables consist of billings on grant and contract receivables. Grants receivables are carried at the original amount less an estimate for credit losses. The Organization reviews grants receivable for an allowance for credit losses which represents management's estimate of expected credit losses over the remaining expected life of the Organization's financial assets measured at amortized cost and comprised of three main components: (i) historical collection performance, (ii) specific collection issues, (iii) current conditions, and reasonable and supportable forecasts about the future. If actual provision for credit losses differs from the reserves calculated based on historical trends and known customer issues and current conditions, an adjustment to the provision for credit losses is recorded in the period in which the difference occurs. Such adjustment could result in additional expenses or a reduction of expenses. The Organization writes off accounts to the allowance when it has determined that collection is unlikely. Some of the factors considered in reaching this determination are (i) the apparent financial condition of the customer, (ii) the success the Organization has in contacting and negotiating with the customer, (iii) the current state of the industry and (iv) the number of days the account has been outstanding. When the Organization's collections does not correspond with historical performance, additional charges may be required.

As of June 30, 2024 and 2023, the Organization did not record any allowance for credit losses. The income statement effect of all changes in the allowance for credit losses are recognized as provision for credit losses.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2024 and 2023, the Organization did not record any allowance for credit losses relating to promises to give.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note B – Significant Accounting Policies (continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statements of activities.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Income from investments is reflected net of related expenses.

Fair Value Measurement

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The Organization has not elected to measure any existing financial instruments, other than investments, at fair value, as permitted under the guidance. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

The carrying amounts of cash and cash equivalents, grants receivable, investments, accounts payable, accrued expenses, and notes payable are equal to their carrying amounts as presented in the accompanying statements of financial position.

Revenue Recognition

All revenues and support are recorded in accordance with either ASC 958, *Not-for-Profit Entities* as contributions with or without donor restrictions or in accordance with ASC 606, *Revenue from Contracts with Customers*, where revenue is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note B – Significant Accounting Policies (continued)

Revenue Recognition (continued)

Rental Income – This consists primarily of rental income from other organizations maintained for homeless people. The Lease is up to 12 months in length and align with the fiscal year end. Under ASC 842 the Organization has taken advantage of the practical expedient and classified these leases as operating leases, with the revenue being recorded on a monthly basis as rent is paid.

Grant Revenue and Support – Contributions received are recorded as with or without donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction. 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 statements of activities as net assets released from restrictions. Federal and other grant awards are classified as deferred revenue until expended for the purposes of the grants. As of June 30, 2024 and 2023, the Organization had a deferred revenue balance of approximately \$6,000 and \$63,000, respectively. Deferred revenue of approximately \$57,000 as of June 30, 2023 was recorded into revenue in year 2024. Grant revenues and support consists of federal awards, state financial assistance, and local and other awards as follows:

Federal awards	\$	4,366,524
State financial assistance		3,660,034
Local and other awards		1,777,918
Total grant revenues	\$	<u>9,804,476</u>

Contributions of Nonfinancial Assets

Donated Services – Donated services must meet certain criteria in accounting for contributions received and contributions made in order to be recognized, and are recorded as with or without donor restrictions at a point in time, usually when the service takes place. Individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized in the financial statements because they do not meet the criteria for recognition. The Organization utilizes standard labor rates for similar paid employees based on services provided.

Donated Property and Equipment – Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. The Organization utilizes available market prices to determine the fair value of donations. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note B – Significant Accounting Policies (continued)

Contributions

Contributions are from other entities which usually reside in the Tampa Bay area and individuals. Contributions are recorded as with or without donor restrictions at a point in time, usually when the cash is received. Contributions and donations that are restricted by the donor are reported as an increase in net assets without donor restriction if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted contributions and donations are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated to program and supporting services on the following basis:

- Management and general expenses are allocated on the basis of revenue and square footage
- Personnel expenses are allocated on the basis of direct salaries
- Building and occupancy costs, including related depreciation, are allocated on the basis of revenue and square footage
- Depreciation on the furniture and equipment is allocated on the basis of usage of the furniture and equipment

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and from state corporate income tax under applicable Florida Statutes. In addition, the Organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private Organization and has been designated a “publicly supported” organization.

The Organization follows the income tax standard for uncertain tax positions. The Organization has evaluated their tax positions and determined they have no uncertain tax positions as of June 30, 2024. Should the Organization’s tax-exempt status be challenged in the future, the Organization’s 2022, 2023, and 2024 tax years are open for examination by the IRS.

Estimates

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

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note B – Significant Accounting Policies (continued)

Concentrations

Concentration of risk is the probability of loss attributable to the Organization’s financial instruments. The Organization maintains cash balances in three financial institutions.

Concentrations of credit risk with respect to receivables is limited since most of the receivables are owed from either the federal or state government, local governments, and other well established not-for-profit organizations.

As described above, the Organization receives its funding primarily from various Federal, State of Florida and local agencies. At both June 30, 2024 and 2023, grants receivable of approximately \$1,056,000 and \$991,000, respectively, consist almost entirely of amounts due from these funding sources. Accounts receivable from three and five grantors represented 78% and 99% of total accounts receivable at June 30, 2024 and 2023, respectively. The revenue from these sources represented 97% of the Organization’s support and revenues for the years ended June 30, 2024 and 2023.

Note C – Board Restricted Investments

The endowment fund investments at June 30, 2024 and 2023 consist of money market funds. The objective of the investment policy is to accumulate and manage funds, based on allowable maximum allocations set by the Board, to further the Organization’s mission. Funds will provide a source of assets for major capital expenditures and operational cash needs as determined by the Board. The Organization may withdraw up to 5% of the endowment fund’s balance at the end of each fiscal year with the approval of the Board. As of June 30, 2024 and 2023 the endowment fund had a market value of approximately \$163,000 and \$153,000, respectively. During the year ended June 30, 2023, the investments were sold for approximately \$153,000, had a realized loss of approximately \$12,000 and reinvested the proceeds in a money market fund. Fair values for board restricted investments are determined by reference to quoted market prices and are considered Level 1 investments under the framework established by the Code. The fair value of the board restricted investments for the year ending June 30, 2024 are as follows:

June 30, 2023	\$ 152,921
Dividends	7,609
Fees	(703)
Unrealized gain	3,110
June 30, 2024	<u>\$ 162,937</u>

Note D – Investments

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2024 are as follows:

	<u>Amortized/Cost</u>	<u>Unrealized Gains</u>	<u>Fair Value</u>
Mutual funds	\$ 300,540	\$ 7,717	\$ 308,257
ETP funds	99,846	25,046	124,892
Equity securities	148,069	38,775	186,844
	<u>\$ 548,455</u>	<u>\$ 71,538</u>	<u>\$ 619,993</u>

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note D – Investments (continued)

The following tables summarize the amortized cost and the levels in the ASC 820 fair value hierarchy into which the Organization’s investments fall as of June 30, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 308,257	\$ 308,257	\$ -	\$ -
ETP funds	124,892	124,892	-	-
Equity securities	186,844	186,844	-	-
	<u>\$ 619,993</u>	<u>\$ 619,993</u>	<u>\$ -</u>	<u>\$ -</u>

The amortized cost and estimated fair value of investments in debt and equity securities as of June 30, 2023 are as follows:

	<u>Amortized/Cost</u>	<u>Unrealized Gains (Losses)</u>	<u>Fair Value</u>
Mutual funds	\$ 444,686	\$ (13,788)	\$ 430,898
ETP funds	99,846	11,573	111,419
Equity securities	142,960	11,054	154,014
	<u>\$ 687,492</u>	<u>\$ 8,839</u>	<u>\$ 696,331</u>

The following tables summarize the amortized cost and the levels in the ASC 820 fair value hierarchy into which the Organization’s investments fall as of June 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 430,898	\$ 430,898	\$ -	\$ -
ETP funds	111,419	111,419	-	-
Equity securities	154,014	154,014	-	-
	<u>\$ 696,331</u>	<u>\$ 696,331</u>	<u>\$ -</u>	<u>\$ -</u>

Net investment income of the Organization for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Interest income	\$ 939	\$ 1,336
Dividends	163,668	42,657
Capital gains	2,343	4,042
Net unrealized gains	61,349	94,465
Realized gains	-	(67,369)
Endowment fund investments gains	6,906	683
Total investment income	<u>235,205</u>	<u>75,814</u>
Investment expenses	(15,432)	(6,159)
Net investment income	<u>\$ 219,773</u>	<u>\$ 69,655</u>

Family Resources, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Note E – Property and Equipment, Net

Property and equipment along with the related accumulated depreciation consist of the following:

	2024	2023	Useful Life (Years)
Buildings and improvements	\$ 9,362,987	\$ 9,105,108	10 - 30
Land	988,259	988,259	N/A
Land improvements	5,350	5,350	10
Furniture and equipment	544,460	544,460	3 - 7
Motor vehicles	315,813	265,608	5
	<u>11,216,869</u>	<u>10,908,785</u>	
Less: accumulated depreciation	(5,990,452)	(5,628,269)	
Property and equipment, net	<u>\$ 5,226,417</u>	<u>\$ 5,280,516</u>	

Depreciation expense for the years ended June 30, 2024 and 2023 were approximately \$362,000 and \$344,000, respectively.

Note F – Notes Payable

At June 30, 2024 and 2023, notes payable consisted of the following:

	2024	2023
Loan payable, see a) and b)	\$ -	\$ 419,167
City of St. Petersburg Safe Connections HUD Mortgage, see c)	446,054	446,054
Pinellas County Safe Connections HUD Mortgage, see d)	299,420	299,420
Total notes payable	<u>745,474</u>	<u>1,164,641</u>
Less: short-term portion of notes payable	-	(167,667)
Long-term portion of notes payable	<u>\$ 745,474</u>	<u>\$ 996,974</u>

- a) 2010 bank-qualified loan payable in monthly installments of \$13,972, plus interest at a variable rate of 67% of the sum of one-month LIBOR plus 2.25% (6.27% and 6.04% at June 30, 2024 and 2023, respectively), through December 2026, secured by properties, buildings, and improvements, and includes certain affirmative covenants. The bonding covenants require that the Organization maintain a Debt Service Coverage Ratio of no less than 1.30 to 1.00; and a Liquidity requirement of no less than \$100,000 in unrestricted cash. The covenants also require the Organization utilize the funds for their intended purpose or the Organization and will be subject to a rebate payment to the United States on each fifth anniversary of the loan payable. In November 2023, this loan was fully paid off.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note F – Notes Payable and Line of Credit (continued)

- b) Effective August 1, 2017 the Organization entered into a Rate Swap Agreement with a financial institution. Under the terms of the agreement, the Organization converted a notional value of \$1,000,000 of term note payable to a fixed rate of 3.06%. The agreement matures December 1, 2026 with the notional value amortizing to a value of \$0 over the life of the agreement. For the years ended June 30, 2024 and 2023, the fair value of the interest-rate swap agreement was an asset of \$0 and \$6,849, respectively, and has been reflected in the accompanying statements of financial position. As of June 30, 2024 and 2023, the Organization recognized a gain (loss) on the interest-rate swap agreement of \$(2,140) and \$4,050, respectively, and has been reflected as a change in net assets on the accompanying statements of activities. In November 2023, this loan was fully paid off and the Rate Swap Agreement was terminated.
- c) Mortgage note payable for funds received pursuant to a Community Development Block Grant from City of St. Petersburg. Compliance with all provisions set forth in the note shall defer payment of the principal amount through December 31, 2033, at which time all sums due and payable shall be forgiven. Interest will not accrue while payment of the principal is deferred. The note is secured by real estate. The agreement in an amount of \$387,558 was effective on November 8, 2018. Effective April 30, 2019, the agreement was amended to increase the total to \$446,054. The property is intended to be used as individual and family counseling center for families and troubled youths who are runaways and at-risk of becoming homeless; providing assistance to 100 unduplicated households in crisis who are principally low and moderate income households.
- d) Mortgage note payable for funds received pursuant to a Community Development Block Grant from Pinellas County. Compliance with all provisions set forth in the note shall defer payment of the principal amount through December 31, 2037, at which time all sums due and payable shall be forgiven. Interest will not accrue while payment of the principal is deferred. The note is secured by real estate. The agreement in the amount of \$299,420 is effective on October 18, 2018. The funding is intended to be used for facility improvements to include the construction of an expansion of the facility for additional office and program delivery space on the property.

The Organization was in compliance with or had obtained waivers for all related covenants as of June 30, 2024 and 2023, respectively. At June 30, 2024, payments on notes payable and principal maturities on the bonds are as follows:

<u>Year Ending June 30,</u>	
2025	\$ -
2026	-
2027	-
2028	-
2029	-
Thereafter	745,474
Total	<u>\$ 745,474</u>

The interest expense incurred by the Organization for fiscal years ended June 30, 2024 and 2023 was approximately \$14,000 and \$19,000, respectively.

Family Resources, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Note G – Net Assets With Donor Restrictions

As of June 30, 2024 and 2023, the Organization had the following net assets with donor restrictions:

	<u>2024</u>	<u>2023</u>
Buildings constructed with grant funds	\$ 111,562	\$ 200,327

During the years ended June 30, 2024 and 2023, the Organization released the following amounts from donor restrictions:

	<u>2024</u>	<u>2023</u>
Release of land use restrictions	\$ 88,765	\$ 88,765

Under several grants, the Organization signed land use agreements or contracts requiring the facilities to be used for the intended program purpose for periods ranging from 10 to 18 years. If the facilities are not used for the intended program purpose for the required period, the grant funds will be required to be repaid to the grantor using formulas set forth in the land use agreements or contracts. Since the Organization must operate the facilities for a specified purpose for a stated period of time, the grant funds are recorded as net assets with donor restrictions and amortized into net assets without donor restrictions over their respective contract years.

Note H – Liquidity and Availability of Financial Assets

The Organization's management monitors its liquidity so that it is able to cover operating expenses. The Organization budgets for such costs based on the prior year actual expenses and anticipated future expenses. Budgets are approved by the Board.

Management has budgeted approximately \$9,997,000 of operating expenses and grant income in reoccurring or signed Federal, State and Local grants to be paid within one year of the statement of financial position date.

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 following reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets:		
Cash and cash equivalents	\$	4,491,847
Grants receivable		1,056,128
Endowment fund investment		162,937
Investments		619,993
Total financial assets		<u>6,330,905</u>
Less: deferred revenue		(5,899)
Less: board designated endowment fund		(162,937)
Less: financial assets held to meet donor-imposed restrictions		<u>(111,562)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>6,050,507</u>

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note H – Liquidity and Availability of Financial Assets (continued)

The above table reflects donor-restricted and board designated endowment funds as unavailable because it is the Organization’s intention to invest those resources for the long-term support of the Organization. However, in the case of need, the board of directors could appropriate resources from its designated endowment.

Note I – Contributions of Nonfinancial Assets

The Organization records various types of contributions of nonfinancial assets. Contributed services are recognized at fair value if the services received create or enhance long-lived assets; require specialized skills; are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributions of nonfinancial assets are offset by like amounts in expenses or additions to property and equipment.

Contributions of nonfinancial assets consisted of the following for the years ended June 30,:

	<u>2024</u>	<u>2023</u>
Services	\$ 90,291	\$ 73,946
Free use of facilities	91,529	92,266
	<u>\$ 181,820</u>	<u>\$ 166,212</u>

Note J – Operating Leases

The Organization has several non-cancellable operating leases for facilities and equipment. Rent expense relating to leased facilities and equipment for the years ended June 30, 2024 and 2023 was approximately \$47,000 and \$95,000, respectively. The company’s facility lease ended in May 2023. In addition to the lease expense, the Organization also received donated use of facilities in the amounts of approximately \$92,000 for the years ended June 30, 2024 and 2023, see Note I.

In addition to the property that the Organization owns, the Organization leased property and received income as the lessor in the amount of approximately \$44,000 and \$57,000 during the years ended June 30, 2024 and 2023, respectively.

Note K – Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Organization but which will only be resolved when one or more future events occur or fail to occur. The Organization’s management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings, the Organization’s legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

Family Resources, Inc.

Notes to Financial Statements

June 30, 2024 and 2023

Note K – Commitments and Contingencies (continued)

Litigation (continued)

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Organization's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Federal, State and Local Grants

Grant funds received by the Organization are subject to audit by grantor agencies and independent auditors. Audits of these grants may result in disallowed costs, which may constitute a liability of the Organization. In the opinion of management, disallowed costs, if any, would not have a materially adverse effect on the Organization's financial condition.

State Unemployment Insurance

The Organization is self-insured with regards to state unemployment insurance. The possibility exists that assessments may be made in the future by the State of Florida for unemployment claims made by former employees. The State of Florida has placed limits on the payments and duration on these claims. The Organization has estimated its future liability based on current and future claims within the limits set by the State of Florida and number of employees terminated. In 2020, the State of Florida allowed individuals under the Federal Pandemic Unemployment Compensation program (FPUC) to receive up to \$300 a week in federal benefits and up to 20 weeks of benefits. On June 27, 2021, participants were no longer able to receive the supplemental \$300 FPUC payment and only allowed up to 12 weeks of benefits.

The Organization had accrued approximately \$114,000 and \$158,000 as of June 30, 2024 and 2023, respectively, related to future unemployment claims. With the change in Florida's policy, management is currently assessing this estimate. These claims are included in accounts payable and accrued liabilities on the accompanying statements of financial position. The Organization also maintains a deposit on hand for unemployment exposure. As of June 30, 2024 and 2023, the Organization held cash deposit balances of approximately \$55,000 and \$56,000, respectively.

Note L – Employee Retention Credits, Net

During the year ended June 30, 2024 and 2023, the Organization received approximately \$528,000 and \$980,000, respectively, in net employee retention credits under the Coronavirus Aid, Relief, and Economic Security Act. These are shown as other income in the accompany statement of activities. These credits relate to qualifying wages in 2021 and were applied for and received in 2023. The IRS has five years from the filing of the amended Form 941 to audit the validity of the credits. As of June 30, 2024, all employee retention credits had been received by the Organization. The Organization received total relief of approximately \$1,660,000.

Family Resources, Inc.

Notes to Financial Statements June 30, 2024 and 2023

Note M – Retirement Plan

The Organization has implemented a defined contribution retirement plan as allowed under Section 403(b) of the Internal Revenue Code. This plan provides a defined contribution and a deferred compensation retirement arrangement for substantially all of its employees. The Organization's retirement plan contribution for the years ended June 30, 2024 and 2023, totaled approximately \$68,000 and \$62,000, respectively. Employees are eligible to participate in the plan upon date of employment. Employees become eligible for employer matching contributions after six months of employment, and are immediately vested in their elective deferral. Participants fully vest in the employers' contributions over a period of four years of service to the Organization.

Note N – Subsequent Events

Management has assessed subsequent events through October 17, 2024, the date on which the financial statements were available to be issued.

Supplemental Information

Family Resources, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal and State Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Contract/Grant Number	Federal Expenditures	Transfers to Subrecipient
U.S. Department of Health and Human Services				
Direct program: Basic center grant				
Runaway Youth - North Shelter	93.623	90CY7313-01-00	\$ 11,605	\$ -
Runaway Youth - North Shelter	93.623	90CY7313-02-00	172,223	-
Runaway Youth - South Shelter	93.623	90CY7196-02-00	36,054	-
Runaway Youth - Manatee Shelter	93.623	90CY7361-01-00	43,176	-
Runaway Youth - Manatee Shelter	93.623	90CY7361-02-00	185,188	-
Total program			448,246	-
Direct program: Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth				
Pinellas Programs - Street Outreach	93.557	90YO2449-02-00	112,796	-
Total program			112,796	-
Direct program: Healthy Marriage and Relationship Education				
Safe2Be You & Me Program	93.086	90ZD0013-02-00	169,180	-
Safe2Be You & Me Program	93.086	90ZD0013-03-00	488,566	-
Total program			657,746	-
Total U.S. Department of Health and Human Services			1,218,788	-
United States Treasury (Coronavirus Relief Fund)				
Passed through Pinellas Coummunity Foundation				
Operating grant	20.017	N/A	50,000	-
Passed through Early Learning Coalition of Pinellas County				
Child Care and Development Block Grant	93.575	N/A	47,990	-
U.S. Department of Agriculture				
Passed through Florida Department of Health:				
Child and Adult Care Food Program	10.558	H2459	55,865	-
Child and Adult Care Food Program	10.558	D3822	2,910,993	2,537,808
Child and Adult Care Food Program	10.558	A4188	16,079	-
Total program			2,982,937	2,537,808
U.S. Department of Housing and Urban Development				
Passed through City of Bradenton:				
Community Development Block Grant	14.218	N/A	66,809	-
Total Pass-Through			3,147,736	2,537,808
Total Expenditures of Federal Awards			\$ 4,366,524	2,537,808

Family Resources, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2024

Federal and State Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditure State Awards
Florida Department of Juvenile Justice			
Passed through the Florida Network of Youth and Family Services, Inc.:			
Domestic Violence Respite/Probation Respite	80.005		\$ 78,550
Children and Families in Need of Services (CINS/FINS)	80.005		2,921,912
Children and Families in Need of Services (SNAP)	80.005		430,151
Children and Families in Need of Services (SNAP In School)	80.005		84,240
Children and Families in Need of Services (ICM)	80.005		107,619
Children and Families in Need of Services (SNAP FATHERHOOD)	60.245		37,582
Total Florida Department of Juvenile Justice			3,660,054
Total state financial assistance			\$ 3,660,054

Family Resources, Inc.
Schedule of Local and Other Awards
For the Year Ended June 30, 2024

<u>Grantor/Program Title</u>	<u>Local and Other Expenditures</u>	<u>Transfers to Subrecipient</u>
Pinellas Coummunity Foundation Operating grant	\$ 8,765	\$ -
Manatee County:		
Residential Shelter	100,000	-
CERTAIN	294,874	-
Total Manatee County	<u>394,874</u>	<u>-</u>
School District of Manatee County		
Youth Shelter	<u>16,485</u>	<u>-</u>
Juvenile Welfare Board of Pinellas County:		
Family / Youth Services - Residential	458,305	-
COST Youth Enrichment Program	822,350	-
Elementary Intensive Case Management	77,139	-
Total Juvenile Welfare Board of Pinellas County	<u>1,357,794</u>	<u>-</u>
Total Expenditures of Local Awards	<u>\$ 1,777,918</u>	<u>\$ -</u>

Family Resources, Inc.

Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards June 30, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards, state financial assistance, and local awards (the “Schedule”) presents the activity of all federal, state, and local programs administered by Family Resources, Inc. Awards received directly from governmental agencies, as well as those passed through other government agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of Family Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients

The Organization provided federal awards to subrecipients during fiscal 2024 as identified in the transferred to subrecipient column in the Schedule.

As a service provider, the Organization has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

Indirect Cost Rate

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

Family Resources, Inc.

Notes to Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards June 30, 2024

Federal Loan Programs

As discussed in Note F of the financial statements, the Organization received U.S. Department of Housing and Urban Development (“HUD”) federal awards in the form of two loans from the City of St. Petersburg and Pinellas County, which related to the Safe Connections Projects A and B. The City of St. Petersburg loan was stipulated to be used towards partial demolition and reconstruction of a property, which is to be used as an individual and family counseling center to families and troubled youths who are runaways and/or at-risk of becoming homeless. The Pinellas County loan was stipulated to be used towards facility improvements, including the construction of an expansion of the facility for additional office and program delivery space. The Organization is required to utilize the property as a counseling center, as described above. The Organization was in compliance with the current requirements of the federal loan programs for the years ended June 30, 2024 and 2023. The following table shows federal loan programs as of June 30, 2024 and 2023, respectively:

<u>Federal Agency</u>	<u>Assistance Listing Number</u>	<u>Program</u>	<u>Loan Balances as of July 1, 2023</u>	<u>New Loans During Fiscal Year June 30, 2024</u>	<u>Total Loan Amounts per Program</u>
HUD	14.218	City of St. Petersburg	\$ 446,054	\$ -	\$ 446,054
HUD	14.218	Pinellas County	299,420	-	299,420
			<u>\$ 745,474</u>	<u>\$ -</u>	<u>\$ 745,474</u>



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

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

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 opinions on the 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Assurance Dimensions

Tampa, Florida
October 17, 2024

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Independent Auditors' Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida

To the Board of Directors of
Family Resources, Inc.
Pinellas Park, FL

Opinion on Each Major Federal Program and Major State Project

We have audited **Family Resources, Inc.** (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in 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. The Organization's 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, the Organization 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and major state projects.

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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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In our opinion, the Organization 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.

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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 the 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.

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Report on Internal Control over Compliance

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

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

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

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

Assurance Dimensions

Tampa, Florida
October 17, 2024

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Family Resources, Inc.

Schedule of Findings and Questioned Costs June 30, 2024

Section 1 – Summary of Auditors’ Results

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

	<u>Federal Awards</u>	<u>State Projects</u>
Internal control over major programs:		
Material weakness identified?	No	No
Significant deficiencies identified not considered to be a material weakness?	None reported	None reported
Type of auditors’ report issued on compliance for major programs:	Unqualified	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance.	No	No

Identification of Major Federal Programs and Major State Projects:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
10.558	U.S. Department of Agriculture Child and Adult Care Food Program

<u>Assistance Listing Number</u>	<u>Name of State Project</u>
80.005	Florida Department of Juvenile Justice Children and Families in Need of Services

	<u>Federal Awards</u>	<u>State Projects</u>
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000	\$750,000
Auditee qualified as low-risk auditee?	Yes	N/A

Family Resources, Inc.

Schedule of Findings and Questioned Costs

June 30, 2024

Section 2 – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires a reporting in a Uniform Guidance audit.

Prior Year Audit Findings

No matters were reported.

Section 3 – Federal Awards and State Project Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance and Chapter 10.650 as well as any abuse findings involving federal awards and state projects that is material to a major program. There were no instances of abuse found as a result of our audit procedure.

Section 4 – Management Letter

There were no such findings related to State Awards reported in the current year and, as such, no management letter was issued.