



IMPOWER, INC.
Financial Statements
June 30, 2024 and 2023
With Independent Auditor's Reports

IMPOWER, Inc.
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
IMPOWER, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IMPOWER, Inc. (the "Organization") (a nonprofit organization), 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 the Organization 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 ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 for 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 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 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.

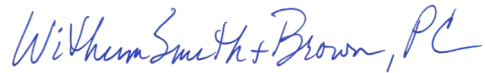
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of program/cost center actual revenues, program/cost center actual expenses, and state earnings for the year ended June 30, 2024 on pages 19 through 21 are presented for the purpose of additional analysis, as required by the State of Florida Department of Children and Families, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2024, 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 Schedule of State Financial Assistance as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are 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 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 March 24, 2025, 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 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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

March 24, 2025

IMPOWER, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,652,529	\$ 3,223,878
Grants receivable	759,758	644,758
Accounts receivable	610,468	818,615
Prepaid expenses	<u>117,491</u>	<u>143,257</u>
Total current assets	4,140,246	4,830,508
Property and equipment, net	2,510,895	1,416,953
Other assets	<u>65,135</u>	<u>39,717</u>
Total assets	<u>\$ 6,716,276</u>	<u>\$ 6,287,178</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 826,477	\$ 423,192
Refundable advance	-	79,861
Notes payable, current portion	<u>29,042</u>	<u>26,531</u>
Total current liabilities	<u>855,519</u>	<u>529,584</u>
Long-term liabilities		
Notes payable, net of current portion and debt issuance costs	<u>57,814</u>	<u>103,206</u>
Total liabilities	<u>913,333</u>	<u>632,790</u>
Net assets		
Without donor restrictions	5,516,836	5,512,901
With donor restrictions	<u>286,107</u>	<u>141,487</u>
Total net assets	<u>5,802,943</u>	<u>5,654,388</u>
Total liabilities and net assets	<u>\$ 6,716,276</u>	<u>\$ 6,287,178</u>

The Notes to Financial Statements are an integral part of these statements.

IMPOWER, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023

	2024			2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues						
Support						
Federal grants	\$ 2,521,234	\$ -	\$ 2,521,234	\$ 3,017,982	\$ -	\$ 3,017,982
Other government grants	1,105,374	-	1,105,374	597,434	-	597,434
Contributions of nonfinancial assets	30,787	-	30,787	50,803	-	50,803
Special events, net of expenses of \$31,452	55,964	-	55,964	-	-	-
Contributions	119,774	365,300	485,074	259,989	251,179	511,168
Total support	<u>3,833,133</u>	<u>365,300</u>	<u>4,198,433</u>	<u>3,926,208</u>	<u>251,179</u>	<u>4,177,387</u>
Revenues						
Patient service revenue	6,291,051	-	6,291,051	6,682,439	-	6,682,439
Other income	3,285	-	3,285	24,522	-	24,522
Interest income	68,891	-	68,891	25,335	-	25,335
Total revenues	<u>6,363,227</u>	<u>-</u>	<u>6,363,227</u>	<u>6,732,296</u>	<u>-</u>	<u>6,732,296</u>
Net assets released from restrictions						
Satisfaction of program restrictions	<u>220,680</u>	<u>(220,680)</u>	<u>-</u>	<u>292,574</u>	<u>(292,574)</u>	<u>-</u>
Total support and revenues	<u>10,417,040</u>	<u>144,620</u>	<u>10,561,660</u>	<u>10,951,078</u>	<u>(41,395)</u>	<u>10,909,683</u>
Expenses						
Program services	9,266,250	-	9,266,250	9,398,158	-	9,398,158
Supporting services	1,146,855	-	1,146,855	973,177	-	973,177
Total expenses	<u>10,413,105</u>	<u>-</u>	<u>10,413,105</u>	<u>10,371,335</u>	<u>-</u>	<u>10,371,335</u>
Changes in net assets	3,935	144,620	148,555	579,743	(41,395)	538,348
Net assets						
Beginning of year	<u>5,512,901</u>	<u>141,487</u>	<u>5,654,388</u>	<u>4,933,158</u>	<u>182,882</u>	<u>5,116,040</u>
End of year	<u>\$ 5,516,836</u>	<u>\$ 286,107</u>	<u>\$ 5,802,943</u>	<u>\$ 5,512,901</u>	<u>\$ 141,487</u>	<u>\$ 5,654,388</u>

The Notes to Financial Statements are an integral part of these statements.

IMPOWER, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Personnel expenses			
Employee salaries and benefits	\$ 7,080,691	\$ 904,440	\$ 7,985,133
Contract labor	196,465	-	196,465
Total personnel expenses	<u>7,277,156</u>	<u>904,440</u>	<u>8,181,596</u>
Other expenses			
Contributed materials and supplies	19,897	10,890	30,787
Rent	15,759	16,200	31,959
Storage	16,162	6,286	22,448
Insurance	521,423	2	521,425
Travel	42,767	7,639	50,406
Office	88,057	3,845	91,902
Office supplies	22,065	4,376	26,441
Computer	102,118	64,682	166,800
Professional fees	131,854	65,917	197,771
Telephone and internet	75,244	8,075	83,319
Repairs and maintenance	74,457	1,387	75,844
Utilities	99,914	365	100,279
Depreciation and amortization	204,752	2,199	206,951
Interest	9,196	2,319	11,515
Client expenses	348,319	-	348,319
EHR, billing, and telehealth systems	170,859	17,142	188,001
Kitchen and janitorial supplies	13,606	-	13,606
Business taxes, franchise taxes and licenses	3,395	875	4,270
Dues and subscriptions	13,312	24,111	37,423
Education and training	39,006	5,496	44,502
Recruiting and hiring fees	8,384	609	8,993
Total other expenses	<u>2,020,546</u>	<u>242,415</u>	<u>2,262,961</u>
Less: special event expenses	<u>(31,452)</u>	<u>-</u>	<u>(31,452)</u>
Total expenses	<u>\$ 9,266,250</u>	<u>\$ 1,146,855</u>	<u>\$ 10,413,105</u>

The Notes to Financial Statements are an integral part of this statement.

IMPOWER, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>	<u>Supporting Services Management and General</u>	<u>Total</u>
Personnel expenses			
Employee salaries and benefits	\$ 7,256,315	\$ 778,788	\$ 8,035,103
Contract labor	269,759	-	269,759
Total personnel expenses	<u>7,526,074</u>	<u>778,788</u>	<u>8,304,862</u>
Other expenses			
Contributed materials and supplies	50,743	60	50,803
Rent	17,235	17,670	34,905
Storage	11,878	5,566	17,444
Insurance	431,912	-	431,912
Travel	32,181	12,139	44,320
Office	23,926	8,488	32,414
Office supplies	24,911	4,433	29,344
Computer	138,514	57,281	195,795
Professional fees	124,471	49,487	173,958
Telephone and internet	75,906	14,974	90,880
Repairs and maintenance	95,012	38	95,050
Utilities	101,837	353	102,190
Depreciation and amortization	111,636	3,687	115,323
Interest	10,045	416	10,461
Client expenses	375,631	-	375,631
EHR, billing, and telehealth systems	164,411	-	164,411
Kitchen and janitorial supplies	15,742	-	15,742
Business taxes, franchise taxes and licenses	2,205	205	2,410
Dues and subscriptions	8,657	15,376	24,033
Education and training	49,796	3,780	53,576
Recruiting and hiring fees	9,492	436	9,928
Total other expenses	<u>1,876,141</u>	<u>194,389</u>	<u>2,070,530</u>
Less: special event expenses	<u>(4,057)</u>	<u>-</u>	<u>(4,057)</u>
Total expenses	<u>\$ 9,398,158</u>	<u>\$ 973,177</u>	<u>\$ 10,371,335</u>

The Notes to Financial Statements are an integral part of this statement.

IMPOWER, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ 148,555	\$ 538,348
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	206,951	115,323
Gain on sale of property and equipment	-	(3,689)
Changes in operating assets and liabilities		
Grants receivable	208,147	33,472
Accounts receivable	(115,000)	(476,370)
Prepaid expenses	25,766	(29,321)
Other assets	(25,418)	-
Accounts payable and accrued expenses	(8,648)	66,484
Refundable advance	<u>(79,861)</u>	<u>27,221</u>
Net cash provided by operating activities	<u>360,492</u>	<u>271,468</u>
Investing activities		
Proceeds from sale of property and equipment	-	10,358
Purchases of property and equipment	<u>(887,710)</u>	<u>(378,394)</u>
Net cash used in investing activities	<u>(887,710)</u>	<u>(368,036)</u>
Financing activities		
Debt issuance costs paid	(15,000)	-
Repayments of notes payable	<u>(29,131)</u>	<u>(23,133)</u>
Net cash used in financing activities	<u>(44,131)</u>	<u>(23,133)</u>
Net change in cash and cash equivalents	(571,349)	(119,701)
Cash and cash equivalents		
Beginning of year	<u>3,223,878</u>	<u>3,343,579</u>
End of year	<u>\$ 2,652,529</u>	<u>\$ 3,223,878</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 11,515</u>	<u>\$ 10,461</u>

Noncash activities

During the year ended June 30, 2024, the Organization acquired property and equipment for \$411,933, which was included in accounts payable and accrued expenses at June 30, 2024.

During the year ended June 30, 2023, the Organization acquired a vehicle with a cost of \$30,000, which was financed through a note payable.

The Notes to Financial Statements are an integral part of these statements.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

1. ORGANIZATION AND PURPOSE

Nature of Organization

IMPOWER, Inc. (the “Organization”) is a 501(c)(3) non-profit mental health, substance misuse and child well-being organization dedicated to the mission of “changing lives by protecting, counseling, teaching, and inspiring individuals to reach their full potential.” Founded in 1994, the Central Florida based Organization offers services statewide that are focused on ensuring the stability of children, families and adults and providing the tools needed to lead safe, healthy, meaningful, and productive lives. Core programs and services include outpatient mental health/substance abuse counseling and psychiatric services; The Grove, a residential youth substance abuse treatment program; prevention and case management for at-risk populations, including school-based programming; and The Village, a transitional housing option. IMPOWER serves more than 9,000 individuals and families in the home, school, and community-based settings every year. Accredited by the Council on Accreditation (COA), all of the Organization’s programs adhere to rigorous professional and service delivery standards of quality.

The Organization’s mission is “changing lives by protecting, counseling, teaching, and inspiring individuals to reach their full potential.” The Organization’s fundamental principle is to better the lives of those it serves through inspiration and assistance toward becoming self-sufficient, independent members of society. The Organization is focused on ensuring the stability of youth and their families and the importance of providing services in community settings. Its mission and goals speak to children, adults and families and adults having the skills and tools needed to lead safe, healthy, meaningful, and productive lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Basis of Presentation

The Organization prepares its financial statements under the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board of Directors (“Board”) designation and unavailable for use at management’s discretion.

Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. These stipulations either require the Organization to maintain the net asset permanently, generally permitting all or part of the income earned on related assets be used for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time. As of June 30, 2024 and 2023, the Organization does not have any assets that are required to be maintained permanently.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Revenue Recognition

The Organization derives revenue primarily from inpatient and outpatient services provided to patients. The services provided by the Organization have no fixed duration and can be terminated by the patient or the facility at any time, and therefore, each treatment is its own stand-alone contract. The Organization reports revenue from patient services at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, Medicaid, and private insurers and include variable consideration for retrospective revenue adjustments due to settlements of audits, reviews, and investigations. Services ordered by a healthcare provider in an episode of care are not separately identifiable and therefore have been combined into a single performance obligation for each contract. The Organization recognizes revenue as its performance obligations are satisfied. The performance obligation is satisfied over time as the patient simultaneously receives and consumes the benefits of the healthcare services provided. For inpatient services, the Organization recognizes revenue equally over the patient stay on a daily basis. For outpatient services, the Organization recognizes revenue equally over the number of treatments provided in a single episode of care. Generally, the Organization bills the patient and the third-party payors shortly after the services are performed. The Organization's ability to collect revenue is affected by a variety of factors, including general economic conditions and each third-party payor's and patient's financial capability. For the year ended June 30, 2024, no variable consideration was considered to be constrained and excluded from revenue. For the year ended June 30, 2023, variable consideration of \$25,250 was considered to be constrained and excluded from revenue.

The Organization determines the transaction price based on standard billing rates for goods and services provided, reduced by contractual adjustments provided to third-party payors, patient responsibility in accordance with the Organization's policy, and/or patient responsibility after insurance. The Organization determines its estimates of contractual adjustments based on contractual agreements and its historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience for each applicable patient portfolio.

Agreements with third-party payors typically provide for payments within the standard billing rates. A summary of the payment arrangements with major third-party payors is as follows:

- Medicaid - Reimbursements for Medicaid services are generally paid at prospectively determined rates per occasion of service or covered member.
- Private insurers - Payment agreements with third-party payors generally provide for payment using prospectively determined rates, discounts from standard billing rates, and prospectively determined daily rates.

Additionally, when applicable, patients who are covered by third-party payors are responsible for related co-pays and deductibles which vary in amount. The Organization estimates the transaction price for patients with co-pays and deductibles based on historical collection experience and current market conditions. The initial estimate of the transaction price is determined by reducing the Organization's standard charge by any contractual adjustments and implicit price concessions. Subsequent changes to the estimate of the transaction price, if any, are generally recorded as an adjustment to revenue on the period of the change.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Contractual adjustments, or differences in standard billing rates and the payments derived from contractual terms with governmental and private insurers, are recorded based on management's best estimates in the period in which services are performed and a payment methodology is established with the patient. Recorded estimates for past contractual adjustments are subject to change, in large part, due to ongoing contract negotiations and regulation changes, which are typical in the U.S. healthcare industry. Revisions to estimates are recorded as contractual adjustments in the periods in which they become known and may be subject to further revisions. Subsequent changes in estimates for third-party payors that are determined to be the result of an adverse change in a payor's ability to pay are recorded as provision for credit losses. There was no provision for credit losses for the years ended June 30, 2024 and 2023.

Laws and regulations governing Medicaid programs are complex and subject to interpretation as well as significant regulatory action, and in the normal course of business, the Organization is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. In addition, the Organization's contracts with private insurers may provide for a retroactive audit or review of claims. The Organization believes that it is in compliance with applicable laws and regulations governing the Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements from governmental agencies and private insurers.

Retroactive adjustments are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements, if applicable, are estimated and accrued based on settlement agreements and historical settlement experience in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. No adjustment has been recorded as the Organization does not expect there to be any retrospective adjustments for services performed prior to June 30, 2024 and 2023.

Changes in the Organization's estimates of implicit price concessions, contractual adjustments, or other changes to expected payments for performance obligations satisfied in prior years were not material for the years ended June 30, 2024 and 2023.

Rental Income

Rental income is recognized monthly over the term of the respective lease.

Accounts Receivable

The Organization's accounts receivable are related to providing inpatient and outpatient services to patients. Patient services receivable are reduced by an allowance for credit losses. In evaluating the collectability of patient services receivable, the Organization estimates implicit price concessions by each major payor type based on historical experience. Management regularly reviews data about these major payor services in evaluating the sufficiency of the allowance for credit losses. For receivables associated with services provided to patients with third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for credit losses, if necessary (for example, for payors who are known to be having financial difficulties that make the collection of receivables unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill), the Organization estimates uncollectible amounts based on its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. There were no receivables due from self-pay patients at June 30, 2024 and 2023.

Grants and Contributions Receivable and Contributions

Revenue from federal grants and other grants designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Cash received in excess of revenue recognized is recorded as refundable advance.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the donor. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due after one year are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

The allowance for doubtful accounts on uncollectable grants and contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. No allowance for doubtful accounts on uncollectible grants and contributions receivable was recorded at June 30, 2024 and 2023 as management deemed the receivables to be fully collectible.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The value of contributed services is based upon an estimated average fee normally charged by the individuals performing the services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost, when purchased. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 35 years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the related assets or the length of the lease, inclusive of expected renewals, which range from 5 to 10 years. Amortization of property and equipment is included in depreciation expense.

Functional Allocation of Expenses

The statements of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across program and supporting services based on estimated time spent by employees involved with those areas. Other general and administrative expenses, including rent, repairs and maintenance, and utilities, are allocated based on a percentage of total square footage of owned and leased property utilized by each program and supporting service.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Florida income tax under Chapter 220 of the Florida Statutes. Therefore, the Organization has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the year ended June 30, 2024 and 2023.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

In accordance with FASB ASC Topic 740, *Income Taxes* ("Topic 740"), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2024 and 2023, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise, or other taxes. Further, there are no income tax related penalties included in the financial statements.

Deferred Issuance Costs

Debt issuance costs are presented in the statements of financial position as a direct deduction from the carrying amount of the related debt liability. Direct fees and costs incurred to obtain long-term financing are being amortized over the term of the respective loan on a straight-line basis, which approximates the effective interest method and is included within interest expense.

Leases

Leases which are short-term or immaterial are expensed as the payments become due.

New Accounting Pronouncement

Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* ("ASC 326"): *Measurement of Credit Losses on Financial Instruments* requires entities to use a current lifetime expected credit loss methodology to measure impairments of certain financial assets. Using this methodology will result in earlier recognition of losses than under the current incurred loss approach, which requires waiting to recognize a loss until it is probably of having been incurred. This standard is effective for years beginning after December 15, 2022. The adoption of ASC 326 did not have a material impact on the Organization's financial position, results of operations or cash flows.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation. The impact of these reclassifications was not material to the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events through March 24, 2025, the date which the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

3. GRANTS RECEIVABLE

Grants receivable consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Government and local grants due within one year	\$ 610,468	\$ 818,615

The balance of grants receivable was \$852,087 as of July 1, 2022.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Medical billing insurance claims	\$ 759,758	\$ 644,758

The balance of accounts receivable was \$168,388 as of July 1, 2022.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 552,019	\$ 552,019
Buildings and improvements	1,776,985	1,776,985
Leasehold improvements	560,714	560,714
Computers and related software	687,216	479,240
Copiers	135,304	135,304
Automobiles	93,614	41,490
Furniture and fixtures	852,520	832,200
Construction-in-progress	<u>1,020,473</u>	<u>-</u>
	5,678,845	4,377,952
Less: Accumulated depreciation	<u>(3,167,950)</u>	<u>(2,960,999)</u>
Total property and equipment, net	<u>\$ 2,510,895</u>	<u>\$ 1,416,953</u>

For the years ended June 30, 2024 and 2023, depreciation and amortization expense was \$208,201 and \$115,323, respectively. Construction-in-progress represents costs related to the renovation project at The Grove property. These construction costs are being funded by funds received under a grant contract with the State of Florida. Under the terms of this contract, the State has an interest in the property for twenty years from the date of the completion of the renovation project.

6. LINES OF CREDIT

The Organization has a revolving line of credit from a bank that allows borrowings up to \$550,000. The line of credit requires monthly payments of interest at the bank's prime rate plus 1.25% (9.75% and 9.50% at June 30, 2024 and 2023, respectively) and shall at no time be less than 5.00%. Advances under the line of credit are based on a percentage of eligible accounts receivable, as defined in the credit agreement. The line of credit had no balance at June 30, 2024 and 2023. The line is renewed annually in August and is collateralized by substantially all business assets of the Organization.

The Organization has a revolving line of credit from a credit union that allows borrowings up to \$750,000, with interest payable monthly at the greater of 4.25% or the bank's prime rate plus 1.00% (9.50% and 9.25% at June 30, 2024 and 2023, respectively). All unpaid accrued interest and principal was originally due June 15, 2024. On June 11, 2024, the line of credit was extended, with all unpaid accrued interest and principal due on June 15, 2026. The line of credit is collateralized by a mortgage on a property and the gross rents of the property. The line of credit had no balance at June 30, 2024 and 2023.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

7. NOTES PAYABLE

The Organization has a financing agreement for the acquisition of certain software for use in its operations. The note payable accrues interest at 9.56% and requires payments of principal and interest of \$2,584 due monthly until maturity in August 2027. The balance at June 30, 2024 and 2023 was \$79,941 and \$101,907, respectively.

During the year ended June 30, 2023, the Organization entered into a financing agreement for the acquisition of a vehicle for use in its operations. The note payable accrues interest at 4.25% and requires principal and interest payments of \$684 due monthly until maturity in February 2027. The balance at June 30, 2024 and 2023 was \$20,665 and \$27,830, respectively.

During the year ended June 30, 2024, the Organization entered into a construction loan agreement. The note payable allows for borrowings up to \$1,000,000, accrues interest at 6.15% per annum and matures on January 29, 2029. The note requires interest only payments commencing February 29, 2024. Upon the “conversion date”, which is the earlier of completion of the construction or January 29, 2025, the note shall be payable in consecutive monthly payments of principal and interest in the amount of \$8,657 until maturity. The loan had no balance at June 30, 2024.

Long term debt consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Notes payable	\$ 100,606	\$ 129,737
Less: Debt issuance costs, net of accumulated amortization of \$1,250 and \$0	(13,750)	-
Less: Current portion	<u>(29,042)</u>	<u>(26,531)</u>
	<u>\$ 57,814</u>	<u>\$ 103,206</u>

Aggregate future principal repayments are as follows for the years ending June 30:

2025	\$ 29,042
2026	34,368
2027	34,632
2028	<u>2,564</u>
	<u>\$ 100,606</u>

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

8. CONTRIBUTED NONFINANCIAL ASSETS

The value of contributed items is recorded as contributions at their estimated values at the date of the contribution as follows:

	<u>2024</u>	<u>2023</u>
Furnishings	\$ 1,200	\$ 4,249
Clothing and grooming supplies	3,075	500
Household supplies	4,664	1,510
Food/beverages	3,549	1,868
Client gifts	9,074	10,421
Office and school supplies	180	1,105
Other	<u>9,045</u>	<u>31,150</u>
	<u>\$ 30,787</u>	<u>\$ 50,803</u>

Additionally, a substantial number of volunteers have donated significant amounts of time to the Organization in various capacities. However, these services have not been recognized, inasmuch as such services either do not require specialized skills or would not typically be purchased had they not been provided by donation. The value of these services is not readily determinable.

The Organization recognized contributed materials and supplies within revenue, including contributed furnishings, clothing and grooming supplies, household supplies, food/beverages, a vehicle, client gifts, office and school supplies, and other various materials and supplies. Unless otherwise noted, contributed materials and supplies did not have donor-imposed restrictions.

Contributed furnishings, clothing and grooming supplies, household supplies, food/beverages, client gifts, office and school supplies, and other various materials and supplies were utilized in the Organization's substance abuse and mental health program services. In valuing these contributions, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for purposes consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
General operating support at The Village	\$ 63,623	\$ 13,000
Support salaries and operations at The Grove and The Village	15,129	15,995
Marketing outreach manager salary	14,170	41,980
Salaries and wages for psychiatric services and support staff	73,493	-
Substance use program for adolescents	20,000	-
Various youth services	35,000	-
Client needs and benefits	<u>64,692</u>	<u>70,512</u>
	<u>\$ 286,107</u>	<u>\$ 141,487</u>

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
General operating support at The Village	\$ 30,031	\$ 18,250
Support salaries and operations at The Grove and The Village	10,866	15,500
Marketing outreach manager salary	13,292	82,266
Salaries and wages for psychiatric services and support staff	46,507	-
Substance use program for adolescents	10,853	-
Client needs and benefits	109,131	176,558
	<u>\$ 220,680</u>	<u>\$ 292,574</u>

10. LEASING ACTIVITIES

As Lessee

The Organization leased its office facilities, storage facilities, and equipment under operating leases having varying expiration dates through May 2027. Rent expense for the years ended June 30, 2024 and 2023, was \$66,069 and \$65,578, respectively. Future minimum lease payments under the operating leases are as follows for the years ending June 30:

2025	\$ 20,727
2026	6,120
2027	5,100
	<u>\$ 31,947</u>

11. MATCHING REQUIREMENTS

The Organization has a contract with an agency referred to as the managing entity, Central Florida Cares Health Systems, funded by the Florida Department of Children and Families, which required \$186,210 of local matching funds.

The Organization included the following amounts as available for meeting local match requirements in conjunction with government grants and contracts for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Patient service revenue	\$ 6,291,051	\$ 6,682,439
Contributions	485,074	511,168
Interest income	68,891	25,335
In-kind contributions	30,787	50,803
	<u>\$ 6,875,803</u>	<u>\$ 7,269,745</u>

12. RETIREMENT PLAN

The Organization has adopted a 401(k) retirement plan covering all employees of the Organization other than nonresident aliens and union workers who have attained the age of 21 and who have completed three months of service. Contributions to the plan are discretionary and are based on a specified percentage of the participants' contributions. No contributions were made to the plan for the years ended June 30, 2024 and 2023.

IMPOWER, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

13. COMMITMENTS AND CONTINGENCIES

Economic Dependency

A portion of the Organization’s revenues are provided through contracts and grants with the State of Florida and other pass-through entities. Accordingly, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies including, but not limited to, the Florida Department of Children and Family Services (“FDCFS”). Such administrative directives, rules, and regulations are subject to change by an act of the United States Congress, the Florida State Legislature, or an administrative change mandated by FDCFS. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

Concentrations of Business and Credit Risks

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization’s financial condition, results of operations, and cash flows. The Organization’s grants and accounts receivable arise as a result of agreements with third parties to provide specified services. The grants and accounts receivable are monitored on a monthly basis and are not collateralized.

Significant Funding Sources

The Organization relies to a significant extent on Central Florida Cares Health Systems as a source of funding. Funding from this source represented 21% and 24% of total support and revenue for the years ended June 30, 2024 and 2023, respectively.

Litigation

During the course of its operations, the Organization is subject to various claims, torts, and actions. Management reviews the validity of such actions and acts accordingly. Management does not believe the outcome of any current actions will result in a material loss to the Organization.

14. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization’s financial assets available within one year of June 30, 2024 and 2023 for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,652,529	\$ 3,223,878
Grants receivable	759,758	644,758
Accounts receivable	<u>610,468</u>	<u>818,615</u>
Total financial assets	4,022,755	4,687,251
Less: Amounts unavailable for general expenditures within one year, due to:		
Purpose restrictions	<u>(286,107)</u>	<u>(141,487)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,736,648</u>	<u>\$ 4,545,764</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. The Organization also has lines of credit available to meet short-term needs (see Note 6).



SUPPLEMENTARY INFORMATION

IMPOWER, Inc.
Schedule of Program/Cost Center Actual Revenues
Year Ended June 30, 2024

	<u>Medical</u>	<u>Prevention</u>	<u>Residential</u>	<u>Assessment</u>	<u>Case Management</u>	<u>Individual Therapy</u>	<u>Incidental</u>	<u>Other Bundled Projects</u>	<u>Total for All Covered Services</u>	<u>Non-SAMH Covered Services</u>	<u>Total Funding</u>
State SAMH funding	\$ 224,219	\$ 527,222	\$ 1,013,989	\$ 34,904	\$ -	\$ 327,477	\$ 64,389	\$ -	\$ 2,192,200	\$ -	\$ 2,192,200
Other governmental funding											
Federal grants and contracts	-	-	-	-	-	-	-	-	-	329,034	329,034
Other government grants and contracts	-	-	-	-	-	-	-	-	-	1,105,374	1,105,374
Total other governmental funding	-	-	-	-	-	-	-	-	-	1,434,408	1,434,408
All other revenues											
Patient service revenue	-	-	-	-	-	-	-	-	-	6,291,051	6,291,051
Other loss	-	-	-	-	-	-	-	-	-	3,285	3,285
Contributions and donations	-	-	-	-	-	-	-	-	-	485,074	485,074
Interest income	-	-	-	-	-	-	-	-	-	68,891	68,891
In-kind contributions	-	-	-	-	-	-	-	-	-	30,787	30,787
Total all other revenues	-	-	-	-	-	-	-	-	-	6,879,088	6,879,088
Total funding	\$ 224,219	\$ 527,222	\$ 1,013,989	\$ 34,904	\$ -	\$ 327,477	\$ 64,389	\$ -	\$ 2,192,200	\$ 8,313,496	\$ 10,505,696

See Independent Auditor's Report.

IMPOWER, Inc.
Schedule of Program/Cost Center Actual Expenses
Year Ended June 30, 2024

	<u>Medical</u>	<u>Prevention</u>	<u>Residential</u>	<u>Assessment</u>	<u>Case Management</u>	<u>Individual Therapy</u>	<u>Other Bundled Projects</u>	<u>Incidental</u>	<u>Sustainability Payment</u>	<u>Total for State SAMH-Funded Covered Services</u>	<u>Total for Non-State-Funded Covered Services</u>	<u>Non-SAMH Covered Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Personnel expenses														
Salaries and benefits	\$ 213,155	\$ 388,830	\$ 615,407	\$ 32,982	\$ -	\$ 230,651	\$ -	\$ -	\$ -	\$ 1,481,025	\$ -	\$ 4,826,231	\$ 807,892	\$ 7,115,148
Fringe benefits	31,973	58,324	92,811	3,988	-	34,598	-	-	-	221,694	-	551,743	96,548	869,985
Total personnel expenses	<u>245,128</u>	<u>447,154</u>	<u>708,218</u>	<u>36,970</u>	<u>-</u>	<u>265,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,702,719</u>	<u>-</u>	<u>5,377,974</u>	<u>904,440</u>	<u>7,985,133</u>
Other expenses														
Building occupancy	1,301	6,438	53,868	32	-	2,671	-	-	-	64,310	-	220,025	32,368	316,703
Professional services	6,899	9,140	26,016	118	-	9,850	-	-	-	52,023	-	427,063	65,076	544,162
Travel	210	216	8,144	2	-	153	-	-	-	8,725	-	34,041	7,639	50,405
Equipment	1	2,029	1,216	-	-	1	-	-	-	3,247	-	6,665	1,856	11,768
Food Services	17	18	58,472	-	-	30	-	-	-	58,537	-	116,156	2,750	177,443
Medical and pharmacy	5,266	-	2,437	-	-	-	-	64,389	-	72,092	-	7,561	-	79,653
Subcontracted services	779	2,804	1,114	29	-	2,407	-	-	-	7,133	-	30,100	-	37,233
Insurance	10,970	25,320	57,324	190	-	15,884	-	-	-	109,688	-	411,737	-	521,425
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	11,515	11,515
Operating supplies and expenses	2,996	21,908	38,944	59	-	4,957	-	-	-	68,864	-	328,879	42,849	440,592
Donated items	-	82	-	-	-	-	-	-	-	82	-	30,705	-	30,787
Other expense	-	-	249	-	-	-	-	-	-	249	-	19,648	10,890	30,787
Depreciation and amortization	-	3,865	38,764	-	-	-	-	-	-	42,629	-	96,850	67,472	206,951
Total other expenses	<u>28,439</u>	<u>71,820</u>	<u>286,548</u>	<u>430</u>	<u>-</u>	<u>35,953</u>	<u>-</u>	<u>64,389</u>	<u>-</u>	<u>487,579</u>	<u>-</u>	<u>1,729,430</u>	<u>242,415</u>	<u>2,459,424</u>
Total personnel and other expenses	<u>273,567</u>	<u>518,974</u>	<u>994,766</u>	<u>37,400</u>	<u>-</u>	<u>301,202</u>	<u>-</u>	<u>64,389</u>	<u>-</u>	<u>2,190,298</u>	<u>-</u>	<u>7,107,404</u>	<u>1,146,855</u>	<u>10,444,557</u>
Distributed indirect costs														
Management and general	27,357	59,026	95,934	3,740	-	30,120	-	6,439	-	222,616	-	844,857	(1,067,473)	-
Total allowable operating expenses	<u>\$ 300,924</u>	<u>\$ 578,000</u>	<u>\$ 1,090,700</u>	<u>\$ 41,140</u>	<u>\$ -</u>	<u>\$ 331,322</u>	<u>\$ -</u>	<u>\$ 70,828</u>	<u>\$ -</u>	<u>\$ 2,412,914</u>	<u>\$ -</u>	<u>\$ 7,952,261</u>	<u>\$ 79,382</u>	<u>\$ 10,444,557</u>
Capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 887,710	\$ 887,710

See Independent Auditor's Report.

IMPOWER, Inc.
Schedule of State Earnings
Year Ended June 30, 2024

1	Total expenditures	\$ 10,444,557
2	Less other state and federal funds	(1,434,408)
3	Less non-match SAMH funds	-
4	Less unallowable costs for matching per 65E-14, F.A.C.	<u>(5,672,996)</u>
5	Net allowable expenditures (Sum of lines 1, 2, 3, and 4)	<u>\$ 3,337,153</u>
6	Maximum available earnings (Line 5 times 75%)	\$ 2,502,865
7	Amount of state funds requiring match	<u>(2,192,200)</u>
8	Excess match	<u>\$ 310,665</u>

See Independent Auditor's Report.

IMPOWER, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Grant Expenditures
<u>Federal Awards</u>				
<u>U.S. Department of Health and Human Services</u>				
MaryLee Allen Promoting Safe and Stable Families Program				
Passed through Brevard Family Partnership	93.556	CRA 2224	\$ -	\$ 11,613
			-	11,613
Block Grants for Community Mental Health Services				
Passed through Central Florida Behavioral Health Network, Inc.	93.958	QG221	-	6,761
Passed through Central Florida Cares	93.958	IMP26	-	348,236
			-	354,997
Child Abuse and Neglect State Grants				
Passed through Brevard Family Partnership	93.669	CRA 2224	-	31
			-	31
Block Grants for Prevention and Treatment of Substance Abuse				
Passed through Central Florida Cares	93.959	IMP26	-	1,038,623
			-	1,038,623
Social Services Block Grant				
Passed through Brevard Family Partnership	93.667	CRA 2224	-	394
			-	394
Total for U.S. Department of Health and Human Services			-	1,405,658
<u>U.S. Department of Housing and Urban Development</u>				
<u>Continuum of Care</u>				
Passed through Homeless Services Network of Central Florida, Inc.	14.267	FL0562L4H072207	-	108,030
			-	108,030
<u>Youth Homelessness Demonstration Program</u>				
Passed through Homeless Services Network of Central Florida, Inc.	14.276	FL1000Y4H072100	-	95,361
			-	95,361
<u>Community Development Block Grants/Entitlement Grants</u>				
Passed through Orange County, FL	14.218	B-23-UC-12-0003	-	48,184
Community Development Block Grants/Entitlement Grants Cluster			-	48,184
Total for U.S. Department of Health and Human Services			-	251,575
<u>U.S. Department of Labor</u>				
<u>WIOA Youth Activities</u>				
Passed through Career Source Central Florida	17.259	YN-IMPOWER-PY23	-	29,740
WIOA Cluster			-	29,740
Total for U.S. Department of Labor			-	29,740
Total expenditures of federal awards			\$ -	\$ 1,686,973

See Independent Auditor's Report.
The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

IMPOWER, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, are shown on the Schedule and represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The Organization does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimis cost rate.

4. PROCUREMENT

For the year ended June 30, 2024, the Organization is following the guidance under the OMB 2 U.S. Code of Federal Regulations Part 200 *Compliance Supplement* regarding procurement.

IMPOWER, Inc.
Schedule of State Financial Assistance and Notes to Schedule of State Financial Assistance
Year Ended June 30, 2024

	<u>Catalog of State Financial Assistance</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
<u>State of Florida Department of Children and Families</u>			
The Grove Youth Residential Substance Abuse Treatment Facility - FCO	60.204	\$ -	\$ 534,957
Out-of-Home Supports	60.074	-	1,276
Total State of Florida Department of Children and Families		-	536,233
<u>State of Florida State Courts System</u>			
Problem Solving Courts	22.029	-	515,055
Total State of Florida State Courts System		-	515,055
Total expenditures of state financial assistance		\$ -	\$ 1,051,288

1. BASIS OF PRESENTATION

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state grant activity of the Organization for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Florida Single Audit Act, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See Independent Auditor's Report.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
IMPOWER, Inc.:

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 ("*Government Auditing Standards*"), the financial statements of IMPOWER, Inc. (the "Organization") (a nonprofit organization), 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 March 25, 2025.

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 opinion 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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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.

Withum Smith + Brown, PC

March 24, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
IMPOWER, Inc.:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited IMPOWER, Inc.'s (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2024. The Organization's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 the major federal program and state projects. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the audit requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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


Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.



March 24, 2025

IMPOWER, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

I. SUMMARY OF AUDITOR'S RESULTS

1. Financial Statements

- a. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified
- b. Internal control over financial reporting
- 1) Material weakness(es) identified? ___ Yes X No
- 2) Significant deficiencies identified not considered to be material weaknesses? ___ Yes X None reported
- c. Noncompliance material to financial statements noted? ___ Yes X No

2. Federal Awards Program and State Projects

- a. Internal control over major programs/projects
- 1) Material weakness(es) identified? ___ Yes X No
- 2) Significant deficiencies identified not considered to be material weaknesses? ___ Yes X None reported
- b. Type of auditor's report issued on compliance for major federal program and state projects Unmodified
- c. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, Rules of the Auditor General of the State of Florida ___ Yes X No
- d. Identification of major federal program and major state projects
- | <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 93.959 | Block Grants for Substance Use Prevention, Treatment, and Recovery Services |
| <u>CSFA Number</u> | <u>Name of Major State Projects</u> |
| 60.204 | Youth Residential Substance Abuse Treatment Facility - FCO |
| 22.029 | Problem Solving Courts |
- e. Dollar threshold used to distinguish between Type A and Type B federal programs and state projects
- | | |
|------------------|-----------|
| Federal programs | \$750,000 |
| State projects | \$315,386 |
- f. Auditee qualified as low-risk auditee pursuant to Uniform Guidance (not applicable for state projects)? X Yes No

II. FINANCIAL STATEMENT FINDINGS

None reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

IV. MAJOR STATE PROJECT FINDINGS AND QUESTIONED COSTS

None reported.

V. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

See Independent Auditor's Report.