

**PARTNERSHIP FOR STRONG
FAMILIES, INC.**

FINANCIAL STATEMENTS

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Partnership for Strong Families, Inc.
Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Partnership for Strong Families, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partnership for Strong Families, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year 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 the Organization 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 Partnership for Strong Families, Inc.'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Partnership for Strong Families, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Partnership for Strong Families, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of Partnership for Strong Families, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Partnership for Strong Families, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Partnership for Strong Families, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Partnership for Strong Families, Inc.'s 2023 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 20, 2024

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024

ASSETS

	<u>2024</u>	<u>2023</u>
Current Asset		
Cash and Cash Equivalents	\$ 5,426,030	\$ 1,664,301
Grants Receivable	147,206	3,358,454
Due from DCF	-	601,363
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$14,500 for 2024 and 2023	589,399	175,527
Due from Related Entities	5,797	10,802
Prepaid Expenses and Other Assets	199,234	294,206
Total Current Assets	<u>6,367,666</u>	<u>6,104,653</u>
Property and Equipment, Net	<u>877,492</u>	<u>296,072</u>
Non-Current Assets		
Restricted Cash - Client Trust Funds	198,468	177,914
Deposits	7,500	5,000
Other Assets	50,000	107,869
Operating Lease Right-of-Use Asset	1,897,545	2,235,730
Total Non-Current Assets	<u>2,153,513</u>	<u>2,526,513</u>
Total Assets	<u>\$ 9,398,671</u>	<u>\$ 8,927,238</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 3,843,873	\$ 4,332,287
Accrued Payroll and Related Expenses	693,124	634,690
Due to Related Entities	-	388,039
Refundable Advance	320,712	-
Short-term Lease Liability	763,020	735,500
Total Current Liabilities	<u>5,620,729</u>	<u>6,090,516</u>
Long-Term Liabilities		
Client Trust Funds	198,468	177,915
Operating Lease Liabilities	1,155,321	1,511,072
Total Long-Term Liabilities	<u>1,353,789</u>	<u>1,688,987</u>
Total Liabilities	<u>6,974,518</u>	<u>7,779,503</u>
Net Assets		
Without Donor Restrictions:		
Net Investment in Property and Equipment	877,492	296,072
Undesignated	1,546,661	851,663
Total Net Assets	<u>2,424,153</u>	<u>1,147,735</u>
Total Liabilities and Net Assets	<u>\$ 9,398,671</u>	<u>\$ 8,927,238</u>

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
Revenue and Support		
Government Grant - DCF	\$ 52,227,704	\$ 52,584,838
Contract Revenue	1,129,919	949,598
Contributions (Non-Financial Assets and Cash)	983,707	946,723
Contributions - SMS	1,307,574	-
Interest and Other Revenues	9,958	15,883
Total Revenues and Support	55,658,862	54,497,042
Functional Expenses		
Program Services:		
Adoptions	16,835,509	15,984,575
Case Management	17,277,100	18,663,098
Family Preservation	917,610	1,226,839
Independent Living	838,560	981,754
Out-of-Home Care	12,904,376	11,543,864
Prevention	1,346,023	2,169,968
Other	1,906,684	1,619,220
Support Services:		
Administrative Services	2,356,582	2,179,654
Total Functional Expenses	54,382,444	54,368,972
Increase in Net Assets Without Donor Restriction	1,276,418	128,070
Net Assets at Beginning of Year	1,147,735	1,019,665
Net Assets at End of Year	\$ 2,424,153	\$ 1,147,735

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES							SUPPORT SERVICES	2024 Totals	2023 Totals
	Adoptions	Case Management	Family Prevention	Independent Living	Out of Home Care	Prevention	Other	Administrative Services		
Expenses										
Adoptions	\$14,941,518	\$ 2,908	\$ -	\$ -	\$ 1,125	\$ -	\$ 2,468	\$ 21,823	\$ 14,969,842	\$14,079,864
Case Management	-	8,866,495	-	159,978	-	-	-	-	9,026,473	9,815,866
Depreciation	-	-	-	-	-	-	-	80,336	80,336	80,467
Employee Support	5,213	6,471	-	995	68	5,020	968	7,437	26,172	35,445
Independent Living	-	-	-	521,407	-	-	-	-	521,407	794,599
Insurance	41,073	165,722	791	3,794	32	24,612	31,762	25,300	293,086	413,531
Non-financial Expense	67,648	625,953	-	-	6,300	-	47,842	-	747,743	652,575
Occupancy	80,494	564,938	247	918	467	63,169	68,558	20,519	799,310	778,607
Out-of-Home Care - Room and Board	-	864,763	-	-	12,074,727	-	-	-	12,939,490	11,174,744
Out-of-Home Care - Support	5,850	84,563	-	-	211,061	32	21,823	29,734	353,063	475,567
Purchased Services	210,200	39,741	916,566	-	595,563	524,261	14,513	177,641	2,478,485	2,860,581
Salaries and Benefits	1,403,700	5,274,624	-	141,833	5,052	631,767	1,421,969	754,124	9,633,069	9,349,377
Support	43,372	449,527	6	6,647	52	93,798	254,107	1,102,298	1,949,807	3,369,335
Telecommunication/ Information Technology	-	284,259	-	-	-	1,474	24,373	131,725	441,831	386,167
Travel, Meals, and Lodging	36,441	47,136	-	2,988	9,929	1,890	18,301	5,645	122,330	102,247
Total Expenses	<u>\$16,835,509</u>	<u>\$ 17,277,100</u>	<u>\$ 917,610</u>	<u>\$ 838,560</u>	<u>\$12,904,376</u>	<u>\$1,346,023</u>	<u>\$1,906,684</u>	<u>\$ 2,356,582</u>	<u>\$ 54,382,444</u>	<u>\$54,368,972</u>

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

	2024	2023
Cash Flows from Operating Activities		
Cash Receipts from Grants	\$ 56,271,281	\$ 49,776,014
Cash Receipts from Contracts	1,219,665	1,078,193
Cash Receipts from Contributions	1,877,409	929,338
Other Cash Receipts	9,958	15,883
Cash Receipts (Paid) from Restricted Client Trust Funds	20,553	(268,435)
Cash Paid to Employees	(9,574,635)	(9,176,192)
Cash Paid for Program Services and Other Operative Costs	(45,438,061)	(44,729,475)
Net Cash Provided By (Used In) Operating Activities	4,386,170	(2,374,674)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(661,756)	(137,058)
Proceeds from Sale of Investment	57,869	-
Net Cash Used in Investing Activities	(603,887)	(137,058)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	3,782,283	(2,511,732)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year (See Note 1)	1,842,215	4,353,947
Cash, Cash Equivalents and Restricted Cash, End of Year (See Note 1)	\$ 5,624,498	\$ 1,842,215
<u>Supplemental Information</u>		
Taxes Paid	\$ -	\$ -
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ 316,651	\$ 2,926,995
Operating lease liability	\$ 316,651	\$ 2,925,595

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

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies

General

Partnership for Strong Families, Inc. (the Organization) has entered into a contract with the State of Florida, Department of Children and Families (DCF) to administer, integrate, coordinate, and assure the delivery of child protection services, emergency shelter, in-home protective services, relative care placements, foster care, intensive residential treatments, independent living, family reunification, and family prevention, adoption, and appropriate related services. Support for these services is provided primarily by DCF. The Organization provides services in Alachua, Baker, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Madison, Suwannee, Taylor, and Union Counties.

Basis of Financial Reporting

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. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

■ **Net Assets Without Donor Restriction**

Net assets that are not subject to donor-imposed stipulations. Any restricted net assets that are received and expensed in the same fiscal year are classified as net assets without donor restrictions.

■ **Net Assets With Donor Restrictions**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. The Organization has no net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all deposits and highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For purposes of the statements of cash flows, the Organization considers all deposit accounts, except client trust funds, to be cash and cash equivalents.

Revenues

In May 2014, the FASB issued *Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers*, which prescribes a single common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The Organization adopted ASC 606 and all related amendments effective July 1, 2020. The adoption of the new standard had no impact on the Organization's financial statements.

Revenues are recognized when earned. Revenues consist of fees charged for adoption agency application, accreditation, reaccreditation, monitoring, and oversight fees. Fees charged for accreditation and approval are deferred and recognized over the time of the approval process, which is generally twelve months.

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

Financial Assets	\$ 6,168,432
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 6,168,432</u>

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Liquidity and Availability of Financial Assets (continued)

The Organization has an available line of credit to meet short-term operating needs if required (see Note 5). The Organization's financial assets consist of Cash and Cash Equivalents, Grants and Accounts Receivable, and other assets that could be liquidated in the short term. Client Trust Funds are restricted and not available for general expenditures.

Income Tax

The Organization is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income from unrelated business activities.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2021. The Organization has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Organization.

Use of Estimates

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

Grants Receivable

Grants receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account based on aging and historical trends.

Restricted Cash – Client Trust Funds

Cash restricted and set aside on behalf of clients is not available for operating purposes.

Property and Equipment

Property and equipment is recorded at cost. The Organization's capitalization threshold is \$1,000. Depreciation is calculated by the straight-line method over estimated useful lives of three to fifteen years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Equipment repairs and maintenance are expensed as incurred. Property and equipment purchased with government grants will revert back to the grantor if the Organization ceases to exist. In addition, proceeds from the sale of such assets are to be returned to or expended upon approval by grantor.

Allocation of Supporting Services Expenses

The Organization's policy is to allocate the part of the supporting services expenses associated with programs to the individual programs, based on each program's direct program cost to total program costs.

Contributions

The Organization follows FASB ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions (continued)

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. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, the net assets are released to net assets without donor restriction.

Non-Financial Asset Contributions

Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Donated materials and services are presented in the accompanying statement of activity as contributions of non-financial assets and non-financial expenses.

Professional contributed services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned. The Organization recognized the following in contributions:

Professional Services (non-financial contributions)	\$	747,743
Cash		<u>235,964</u>
Total Contributions	\$	<u>983,707</u>

Prior Period Information

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

Deferred Revenue

Deferred revenue consists of carryforward funds received from DCF to be used for future periods. In the year ended June 30, 2024, there was deferred revenue of \$320,712.

Statement of Cash Flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$5,624,498 includes cash and cash equivalents of \$5,426,030 and restricted cash of \$198,468. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$1,842,215 includes cash and cash equivalents of \$1,664,301 and restricted cash of \$177,914.

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1 - Summary of Significant Accounting Policies (continued)

Implemented ASU

The FASB issued the following ASU and was adopted by the Organization, effective July 1, 2023. The implementation did not significantly impact the Organization's financial statements:

- **ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*** - Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements

Note 2 - Accounts Receivable

Accounts receivable include amounts due from individuals for reimbursement of overpayments to foster or adoptive parents. Management reviews the accounts receivable on a monthly basis for uncollectible amounts.

Note 3 - Property and Equipment

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

Automobiles	\$ 619,734
Land	72,510
Buildings	551,503
Leasehold Improvements	132,729
Office Furniture and Equipment	1,590,921
(Accumulated Depreciation)	<u>(2,089,905)</u>
Total Property and Equipment	<u>\$ 877,492</u>

Depreciation expense was \$80,336 for the year ended June 30, 2024.

Note 4 - Concentrations

Economic Dependency

The Organization receives a substantial portion of its support from the State of Florida. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Cash and Cash Equivalents

The Organization follows the cash management practice of sweeping all excess cash at the end of the day into overnight repurchase agreements. These agreements are uninsured but are collateralized by U.S. Government Agency securities that are held in the bank's name.

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 5 - Line of Credit

The Organization maintains a \$3,300,000 unsecured line of credit with Ameris Bank. The line of credit has a variable interest rate based on "Prime Rate" defined as a fluctuating rate of interest equal to the highest annual rate of interest, which is published from time to time in the "Money Rates" section of the Wall Street Journal. The line of credit matures on September 10, 2026. The Organization has no amounts outstanding as of June 30, 2024.

Note 6 - Investment in Community Based Care Integrated Health, LLC (CBCIH) & Community Based Care Casualty Insurance, LLC

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled \$50,000 as of June 30, 2024. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount. There was no deemed impairment for the year ended June 30, 2024.

During 2006, the Organization became a limited partner in the Community Based Care Partnership, Inc. (the Partnership) for the purpose of bidding on the State of Florida's Child Welfare Prepaid Mental Health Plan. The Partnership was ultimately awarded the agreement, and the Organization, as a limited partner, entered into a prepaid, capitated agreement with the Partnership beginning June 1, 2007. In May of 2014, the Partnership dissolved and the Organization became a limited partner in the CBC Integrated Health, LLC to continue providing care coordination and administrative services for both mental and general health for children in care. The Organization provided child welfare mental health services under the contract during the year ended June 30, 2024, recognizing revenue of \$148,488. The investment in CBC Integrated Health, LLC was withdrawn during fiscal year 2024.

During 2016, the Organization and four other Community Based Care Lead Agency corporations each made initial capital contributions of \$50,000 to establish CBC Casualty Insurance, LLC (CBCCI). During 2020, an additional partner joined CBCCI. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Organization and the other four members each own 16.67% of CBCCI. The Organization's investment in CBCCI is valued at its original 2016 cost, which approximates fair value of \$50,000 (included in other noncurrent assets) as the investment does not have a readily determinable fair value.

Note 7 - Retirement Plan

The Organization provides a 401(k) retirement program for all eligible employees. The plan is funded by both employee deferrals and an employer matching contribution. The employer matching contribution for the year ended June 30, 2024, was \$230,122.

PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8 - Operating Leases

The Organization adopted ASU 2016-02, *Leases*, effective July 1, 2022, using the optional transition method. The Organization leases certain office space under agreements classified as operating leases which were required to be included on the statement of financial position under ASU 2016-02 at July 1, 2022 at their net present value of \$2,926,995. The adoption of ASU 2016-02 had no impact to the prior year statement of financial position, and because the leases are operating leases, they had no impact on the results of the operations.

As of June 30, 2024, the operating lease right of use (ROU) asset had a balance of \$1,897,545, as shown in noncurrent assets on the statement of financial position; the operating lease liability is included in current liabilities (\$763,020) and operating lease liabilities (\$1,155,321). The operating lease asset and liability were calculated utilizing the weighted average discount rate (5.32%), as determined by the Internal Revenue Service. The weighted average remaining term of the operating leases is 4.2 years.

As of June 30, 2024, there were two leases that were not included in the ROU asset as their inclusion did not have a material impact to the financial statements. The future payments for these leases are \$1,248, and these amounts are not included in the calculation of net present value of future payments. There are also variable costs related to the leases for common area maintenance (CAM) which were not included in the calculation of net present value of future payments.

Lease Costs:

Operating lease cost	\$ 754,029
Total lease cost	<u>\$ 754,029</u>

Other Information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 744,075
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Total cash paid for amounts included in measuring operating lease liability	<u>\$ 744,075</u>
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Future minimum lease payments at year end are as follows:

Year ending June 30:

2025	\$ 763,020
2026	510,937
2027	255,968
2028	207,480
2029	161,241
Thereafter	<u>237,600</u>

Total lease payments	2,136,246
Less: interest	<u>(217,905)</u>

Present value of lease liability	<u>\$ 1,918,341</u>
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PARTNERSHIP FOR STRONG FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Note 9 - Litigation

At times, the Organization has been a defendant in various lawsuits. The Organization vigorously defends itself and the amount of any material liability would be covered by general liability insurance.

Note 10 - Related Entities

As of June 30, 2017, and shortly thereafter, the Board of Directors of the Organization formed four related entities including: Intercounty Adoption Accreditation and Maintenance Entity, Inc., (IAAME) a Florida not-for-profit 501(c)(3) corporation, Real Estate Acquisition for Children, LLC, a Florida limited liability corporation, Service Management Solutions for Children, Inc., a Florida not-for-profit 501(c)(3) corporation, and Technology and Solutions for Children, LLC, a Florida limited liability corporation.

As of June 30, 2024, amounts due from the related entities are as follows:

Amounts Due <i>from</i> Intercounty Adoption Accreditation and Maintenance Entity, Inc.	\$ 5,797
Amounts Due <i>from</i> Real Estate Acquisitions for Children	-
Total Due <i>from</i> Related Entities	<u>\$ 5,797</u>
Amounts Due <i>to</i> Service Management Solutions, Inc.	\$ -
Amounts Due <i>to</i> Technology and Solutions for Children, LLC	-
Total Due <i>to</i> Related Entities	<u>\$ -</u>

Amounts due from IAAME are for payroll related reimbursement costs.

During the year ended June 30, 2023, the Organization paid Service Management Solutions for Children, Inc. management fees totaling \$1,280,479. Service Management Solutions was closed during fiscal year 2024 and contributed its assets (cash, building, and land) to the organization, which totaled \$1,307,574 and is included on the statement of activities as of June 30, 2024.

During the year ended June 30, 2023, the Organization paid Technology and Solutions for Children, LLC \$12,000 for technology support.

During the fiscal year, the Organization made payments of approximately \$1,148,637 to a company that provides counseling services to clients of the Organization. The company is owned by the spouse of a key employee of the Organization, who refrains from all decision-making responsibilities regarding these services.

Note 11 - Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 20, 2024, the date the financial statements were available to be issued.