

Combined Financial Statements

Anchor House, Inc. of Polk County
and
Anchor House Services, Inc.

Year Ended March 31, 2025

THIS PAGE INTENTIONALLY LEFT BLANK

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

YEAR ENDED MARCH 31, 2025

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditor's Report	1-3
Combined Statement of Financial Position	4
Combined Statement of Activities	5
Combined Statement of Functional Expenses	6
Combined Statement of Cash Flows	7
Notes to Combined Financial Statements	8-15
Other Information	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance for each Major Project and on Internal Control over Compliance Required by the Chapter 10.650, <i>Rules of the Auditor General</i>	18-20
Schedule of Expenditures of State Financial Assistance	21
Notes to Schedule of Expenditures of State Financial Assistance	22
Schedule of Findings and Questioned Costs	23-24



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Anchor House, Inc. of Polk County and Anchor House Services, Inc.

Opinion

We have audited the accompanying combined financial statements of Anchor House, Inc. of Polk County, (a nonprofit organization) and Anchor House Services, Inc (the Organization), which comprise the combined statement of financial position as of March 31, 2025, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Anchor House, Inc. of Polk County and Anchor House Services, Inc. as of March 31, 2025, 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 *Governments 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 Combined Financial Statements section of our report. We are required to be independent of the Organization. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 combined financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by 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 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 January 29, 2026, on our consideration of Anchor House, Inc. of Polk County and Anchor House Services, 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 Anchor House, Inc. of Polk County and Anchor House Services, 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 the Anchor House, Inc. of Polk County and Anchor House Services, Inc.'s internal control over financial reporting and compliance.

Ramos & Floyd CPAs PLLC

Lakeland, Florida
January 29, 2026

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

COMBINED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2025

ASSETS

Cash	\$ 825,660
Accounts receivable	216,155
Investments	154,142
Prepaid assets	<u>3,691</u>
 TOTAL CURRENT ASSETS	 1,199,648
 Property and equipment, net of accumulated depreciation	 <u>2,254,167</u>
 TOTAL ASSETS	 <u><u>\$ 3,453,815</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 50,459
Accrued liabilities	43,711
Current portion of long-term debt	<u>16,109</u>
 TOTAL CURRENT LIABILITIES	 110,279
 Long term-debt	 <u>74,224</u>
 TOTAL LIABILITIES	 184,503
 Net assets:	
Without donor restrictions	\$ 2,783,468
With donor restrictions	<u>485,844</u>
 Total net assets	 <u>3,269,312</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 3,453,815</u></u>

Read accompanying notes to combined financial statements.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

COMBINED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2025

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

SUPPORT AND REVENUE:

Service fees	\$ 1,972,949
Grants	637,526
Contributions	273,076
Special events, net of expenses of \$15,225	33,675
Other income	20,579
Investment income, net of expenses of \$175	11,224
Net assets released from restrictions	<u>307,137</u>

Total support and revenue without donor restrictions 3,256,166

EXPENSES

Program services	2,173,170
Management and general	943,577
Fund raising	<u>118,456</u>

Total expenses 3,235,203

Change in net assets without donor restrictions 20,963

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	9,797
Grants	768,200
Net assets released from restrictions	<u>(307,137)</u>

Change in net assets with donor restrictions 470,860

Change in net assets 491,823

NET ASSETS, beginning of year 2,777,489

NET ASSETS, end of year \$ 3,269,312

Read accompanying notes to combined financial statements.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2025

	PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Personnel costs	\$ 1,361,243	\$ 436,259	\$ 72,600	\$ 1,870,102
Professional fees	156,923	54,757	21,239	232,919
Office expense	3,996	140,503	1,012	145,511
Repairs and maintenance	119,549	11,116	10,110	140,775
Donations	6,809	123,812	5,796	136,417
Depreciation	122,416	10,645	-	133,061
Insurance	27,448	98,726	63	126,237
Rent	104,550	9,600	-	114,150
Food and household supplies	84,600	4,248	-	88,848
Utilities	61,811	3,090	-	64,901
Software	34,493	20,634	-	55,127
Incentives and allowances	42,575	888	1,313	44,776
Automobile	17,077	5,566	124	22,767
Telephone	10,597	9,202	-	19,799
Taxes and licenses	3,185	2,853	-	6,038
Interest	1,549	-	3,998	5,547
Background check	3,421	1,738	-	5,159
State allowance account	4,225	-	-	4,225
Security	3,799	193	-	3,992
Bank fees	809	2,258	236	3,303
Equipment rental	1,914	1,191	-	3,105
Printing	61	1,853	693	2,607
Postage	10	2,118	73	2,201
Meals and entertainment	-	768	903	1,671
Miscellaneous	110	1,559	-	1,669
Website	-	-	296	296
Total expenses	\$ 2,173,170	\$ 943,577	\$ 118,456	\$ 3,235,203

Read accompanying notes to combined financial statements.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2025

CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES:	
Change in net assets	\$ 491,823
Adjustments to reconcile change in net assets to net cash from (used by) operating activities:	
Depreciation and amortization	133,061
Net realized and unrealized losses on investments	(11,224)
(Increase) decrease in assets:	
Accounts receivable	(92,740)
Prepaid assets	16,038
Increase (decrease) in liabilities:	
Accounts payable	(1,280)
Accrued expenses	19,043
	<hr/>
Net cash from (used by) operating activities	554,721
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES:	
Purchases of investments, reinvested dividends and interest	(17,883)
Purchases of property and equipment	(296,847)
	<hr/>
Net cash from (used by) investing activities	(314,730)
CASH FLOWS FROM (USED BY) FINANCING ACTIVITIES:	
Issuance of new debt	94,807
Proceeds from repayment of principal on debt	(44,960)
	<hr/>
Net cash from (used by) financing activities	49,847
	<hr/>
NET CHANGE IN CASH	289,838
CASH, beginning of year	535,822
	<hr/>
CASH, end of year	\$ 825,660
	<hr/> <hr/>
SUPPLEMENTAL DATA:	
Income taxes paid	\$ -
Interest paid	\$ 5,547

Read accompanying notes to combined financial statements.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES: Anchor House, Inc of Polk County d/b/a Anchor House Ministries is a Christian ministry that solely exists to provide affordable property and funding to non-profit organizations duly registered under section 501(c)(3), who further the ministry of Christ by serving youth and/or young adults connected to the foster care system and/or homelessness. Anchor House Services, Inc. is organized exclusively for charitable, religious, educational, or scientific purposes under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, as amended, and to do any act or thing incidental to or connected with the foregoing purposes or in advancement thereof. Specifically, Anchor House Services, Inc. will support Anchor House Inc of Polk County, a Florida not for profit Christian ministry, by assuming responsibility for and managing the operations of Anchor House Inc. of Polk County's group homes and transition homes with the purpose of fostering and caring for boys and girls in crisis.

PRINCIPLES OF CONSOLIDATION: The combined financial statements include the accounts of Anchor House, Inc. of Polk County and Anchor House Services, Inc. (the "Organization"). All significant intercompany transactions and balances have been eliminated.

BASIS OF ACCOUNTING: The Organization's policy is to prepare its combined financial statements on the accrual basis of accounting generally accepted in the United States of America.

CASH: Cash are defined as cash and highly liquid investments that have original maturities of three months or less.

INVESTMENTS: The Organization has adopted Financial Accounting Standards Board Accounting Codification ASC 320, *Investments*. Accordingly, investments are recorded at fair value and realized and unrealized gains and losses are reflected in the statement of activities. Net investments income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

PROPERTY AND EQUIPMENT: Purchases of property and equipment in excess of \$500 are capitalized at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION: The Organization recognizes grants, contracts and contributions of cash or other assets (such as land, buildings, and equipment) as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. When a grantor or donor restriction expires, or when a stipulated time restriction ends or purpose or restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization recognizes revenues from exchange transactions when the service is rendered. A receivable is recognized by the Organization for outstanding invoices or other known amounts due to it.

The Organization considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The Organization does not charge interest on outstanding accounts receivable.

USE OF ESTIMATES: The preparation of combined 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 results could differ from those estimates.

FUNCTIONAL EXPENSES: The costs of providing various services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefitted.

NET ASSETS: Net assets, revenues, support, gains, and losses are classified assets based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature,

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net assets with donor restrictions (continued) - where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

INCOME TAXES: The Organization is exempt from federal and state income taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code. The Organization does not have any uncertain tax positions or unrelated business income.

CREDIT LOSSES: The Center has adopted ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including assessments receivable.

LEASES: The Organization accounts for leases under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases. For operating leases in which the Organization is the lessee, the lease standard requires the recognition of a right-of-use asset and a lease liability. The Organization calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term, for all asset classes. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

SUBSEQUENT EVENTS: Management has evaluated subsequent events through January 29, 2026, the date which the combined financial statements were available for issue.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, at March 31, 2025 is as follows:

Cash	\$ 825,660
Accounts receivable	216,155
Less:	
Board designated and restricted net assets	<u>485,844</u>
Total	<u><u>\$ 555,971</u></u>

The Organization's investments are highly liquid as there are no preventative lockups or restrictions and they can be readily liquidated to cover operating needs. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its liabilities and other obligations come due.

NOTE 3 – INVESTMENTS

The Organization's investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the statements to the Organization.

A summary of earnings on investments are as follows for March 31:

Interest and dividends	\$ 11,084
Net unrealized gain (loss)	315
Investment expense	<u>(175)</u>
Total	<u><u>\$ 11,224</u></u>

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization adheres to Financial Accounting Standards Board Accounting Standards codification, *Fair Value Measurements and Disclosures*, which defines fair value as the price that should be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The valuation methodology used for the investments measured at fair value for mutual funds, common stock and money market funds is closing price reported on the major market on which the individual securities are traded.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization’s combined financial statements at fair value at March 31:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Mutual funds	\$ 121,287	\$ -	\$ -	\$ 121,287
Common stocks	32,855	-	-	32,855
Total financial assets	\$ 154,142	\$ -	\$ -	\$ 154,142

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, at cost, consists of the following at March 31:

Land	\$ 290,908
Buildings and improvements	2,803,737
Equipment	69,761
Computer hardware and software	24,862
Furniture and fixtures	41,814
Vehicles	224,499
Total property and equipment	3,455,581
Less accumulated depreciation	1,201,414
Property and equipment, net	\$ 2,254,167

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(continued)

NOTE 6 – DEBT

Long-term debt consists of:

7.754% notes, each payable \$1,500 monthly, including interest, through January 2030, collateralized by vehicles	\$ 90,333
Less current maturities	<u>16,109</u>
Total long-term debt	<u>\$ 74,224</u>

The aggregate amounts of long-term debt maturing in each of the next five years are as follows:

Year ending December 31,	
2026	\$ 16,109
2027	17,403
2028	18,802
2029	20,311
2030	<u>17,708</u>
Total future debt payments	<u>\$ 90,333</u>

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

NOTES TO COMBINED FINANCIAL STATEMENTS

(concluded)

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

Clinical	\$ 247,672
George Jenkins Foundation	161,027
Education	56,309
Christmas	13,198
Healthy kids initiative	4,722
School lunches	988
Community Involvement Initiative	975
Camp for kids	739
Snowcat Ridge	144
Operation Christmas Magic	<u>70</u>
Total net assets with donor restrictions	<u>\$ 485,844</u>

The net assets were released from support and revenue by incurring expenses satisfying the restricted purpose during the fiscal year.

NOTE 8 – ECONOMIC DEPENDENCE

In 2025, the Organization's largest revenues and support sources represented \$1,260,831 (34%) of its total revenue and support and \$200,034 (96%) the accounts receivables balance.

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a tax-deferred investment plan under Section 403(b) of the Internal Revenue Code. Under the plan, all full-time employees may elect to make pre-tax contributions of up to 100% of the gross pay up to \$20,500 per year. The Organization makes a matching contribution of 100% of the employee's contribution, up to 2% of the employee's salary. The Organization's contribution for the year ended March 31, 2025 was \$17,934.

NOTE 10 – SPECIAL EVENT

During the year, Anchor House Ministries, Inc. held its 50th Annual Banquet, a milestone event that serves as a primary fundraising activity for the organization, which generated gross revenues of \$48,900 and incurred direct event expenses of \$15,225.



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

To the Board of Directors of
Anchor House, Inc. of Polk County and Anchor House Services, 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, the combined financial statements of Anchor House, Inc. of Polk County and Anchor House Services, Inc. (the “Organization”), which comprise the combined statement of financial position as of March 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Anchor House, Inc. of Polk County and Anchor House Services, Inc.’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 Anchor House, Inc. of Polk County and Anchor House Services, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Anchor House, Inc. of Polk County and Anchor House Services, Inc.’s internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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, with which noncompliance 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*.

Anchor House, Inc. of Polk County and Anchor House Services, Inc's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Anchor House, Inc. of Polk County and Anchor House Services, Inc's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Anchor House, Inc. of Polk County and Anchor House Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Ramos & Floyd CPAs PLLC

Lakeland, Florida
January 29, 2026



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Anchor House, Inc. of Polk County and Anchor House Services, Inc.

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited Anchor House, Inc. of Polk County and Anchor House Services, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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 state projects for the year ended March 31, 2025. The Organization's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Anchor House, Inc. of Polk County and Anchor House Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended March 31, 2025.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Chapter 10.650, Rules of the Auditor General are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650, Rules of the Auditor General 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 state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650, Rules of the Auditor General, 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 Chapter 10.650, Rules of the Auditor General, 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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 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 will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Anchor House, Inc. of Polk County and Anchor House Services, Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Anchor House, Inc. of Polk County and Anchor House Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Ramos & Floyd CPAs PLLC

Lakeland, Florida
January 29, 2026

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

**SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year Ended March 31, 2024**

Grant or Project Title	Assistance Listing #	Grant / Contract Identification	Total Expenditures
State Projects			
State of Florida Department of Children and Families			
Passed through:			
Heartland for Children			
Child Welfare Out of Home Supports	60.074	UAM01	\$ 564,529
			<u>564,529</u>
Kids Central, Inc.			
Child Welfare Out of Home Supports	60.074	UAM01	167,272
			<u>167,272</u>
Children's Network of Southwest Florida			
Child Welfare Out of Home Supports	60.074	QJ016	18,053
			<u>18,053</u>
Family Partnership of Central Florida			
Child Welfare Out of Home Supports	60.074	OHC2438	343,378
			<u>343,378</u>
Citrus Family Care Network			
Child Welfare Out of Home Supports	60.074	N/A	138,704
			<u>138,704</u>
Total Child Welfare Out of Home Supports			<u><u>1,231,936</u></u>
State of Florida Department of Children and Families			
Passed through:			
Citrus Family Care Network			
Sexually Exploited Children	60.138	N/A	\$ 9,240
			<u>9,240</u>
Total Sexually Exploited Children			<u>9,240</u>
Total Expenditures of State Financial Assistance			<u><u>\$ 1,241,176</u></u>

Read accompanying notes to schedule of expenditures of state financial assistance.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year Ended March 31, 2025**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of State Financial Assistance represents the State grant activity of the Organization for the year ended March 31, 2025. For fiscal year 2025, the Organization did not elect to use the 10% de minimus indirect cost rate.

The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements of the Organization. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – 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 Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – CONTINGENCIES

Grant monies received by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. Management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by the governmental agency of any item charged to a program cannot be determined at this time.

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended March 31, 2025**

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of auditor's report issued		Unmodified		
Internal control over financial reporting:				
Material weakness identified?	<u> x </u>	Yes	<u> </u>	No
Significant deficiency identified?	<u> </u>	Yes	<u> x </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> x </u>	No

State Financial Assistance

Type of auditor's report issued on compliance for major state projects:		Unmodified		
Internal control over major state projects:				
Material weakness identified?	<u> x </u>	Yes	<u> </u>	None reported
Significant deficiency identified?	<u> </u>	Yes	<u> x </u>	None reported
Any audit findings required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i>	<u> x </u>	Yes	<u> </u>	No

Identification of Major State Projects:

AL Number	Name of State Project or Cluster
60.074	State Department of Florida of Children and Families Child Welfare Out of Home Supports

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

Auditee qualified as low-risk auditee? Yes x No

**ANCHOR HOUSE, INC. OF POLK COUNTY
AND ANCHOR HOUSE SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended March 31, 2025**

Section II – Financial Statement Findings

2025-001: Untimely Submission of Florida Single Audit to the Auditor General

Type of Finding: Material Noncompliance

Criteria or specific requirement: Timely submission of the Florida Single Audit is required under regulation Section 215.97, Florida Statutes. This ensures compliance with state requirements and provides the Organization with timely access to financial and compliance information.

Condition: The Florida Single Audit report was not submitted to the Auditor General within the required timelines as stipulated by state regulations. The submission deadlines were exceeded for the reporting period under review.

Context: The above condition was noted during the year.

Cause: The delay in submission was attributed to resource constraints and competing priorities.

Effect: Failure to submit the Florida Single Audit in a timely manner could result in noncompliance with state regulations, potential penalties, or delays in receiving funding tied to audit compliance. Additionally, it may impact the credibility of the organization with funding agencies and stakeholders.

Repeat Finding: Yes. 2024-001.

Recommendation: We recommend timely submission of the Florida Single Audit which is critical to maintaining compliance with state regulations and supporting the organization's financial transparency.

Views of responsible officials: Management concurs

Section III – Findings and Questioned Costs – Major State Project Audit.

2025-002: Untimely Submission of Florida Single Audit to the Auditor General

State Agency: State of Florida Department of Children and Families

State Program Name: Child Welfare Out of Home Supports

Assistance Listing Number: 60.074

State Award Identification Number and Year: TAM01 2024 and UAM01 2025

Award Period: 7/1/2023-6/30/2024 and 7/1/2024 -6/30/2025

Type of Finding: See finding 2025-001.



January 29, 2026

Board of Directors and Management of
Anchor House, Inc. of Polk County and Anchor House Services, Inc.

We have audited the combined financial statements of Anchor House, Inc. of Polk County and Anchor House Services, Inc. for the year ended March 31, 2025, and we will issue our report thereon dated January 29, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 8, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Anchor House, Inc. of Polk County and Anchor House Services, Inc. are described in Note 1 to the combined financial statements. No new accounting policies were changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was:

Management's estimate of the allocation of expenses is based on management's prior experience associated with the cost of operating the Organization. We evaluated the key factors and assumptions used to develop the allocations in determining that they are reasonable in relation to the combined financial statements taken as a whole.

Certain combined financial statement disclosures may be particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the combined financial statements related to liquidity.

The combined financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention. A separate letter dated January 29, 2026 was also issued relate to written audit findings, including a material weakness in internal control.

Other Matters

We issued an unmodified opinion on the supplementary information (Schedule of Expenditures state financial assistance) accompanying the financial statements.

This information is intended solely for the use of the Board of Directors and Management of Anchor House, Inc. of Polk County and Anchor House Services, Inc. and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

Ramos & Floyd CPAs PLLC

January 29, 2026