

COMMUNITIES CONNECTED FOR KIDS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

COMMUNITIES CONNECTED FOR KIDS, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Communities Connected for Kids, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Communities Connected for Kids, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities Connected for Kids, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

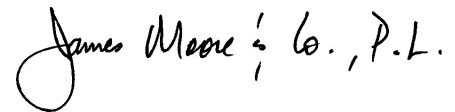
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650 Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 February 24, 2026, on our consideration of Communities Connected for Kids, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities Connected for Kids, Inc.'s internal control over financial reporting and compliance.

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

Gainesville, Florida
February 24, 2026

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 5,150,014	\$ 4,329,711
Grants and contracts receivable	1,799,818	682,481
Prepaid expenses	249,622	331,609
Total current assets	7,199,454	5,343,801
Operating lease right of use asset, net	2,677,204	3,518,568
Finance lease right of use asset, net	124,375	161,688
Deposits	39,520	39,520
Restricted cash and cash equivalents - Client trust funds	222,106	316,384
Total Assets	\$ 10,262,659	\$ 9,379,961
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,313,932	\$ 2,511,288
Due to Department of Children and Families	738,034	248,612
Due to The Devereux Foundation	395,140	493,283
Refundable advance - grants	474,938	23,355
Current portion of operating lease liability	880,580	836,112
Current portion of financing lease liability	36,657	34,988
Total current liabilities	5,839,281	4,147,638
 Long-term liabilities		
Operating lease liability, less current portion	1,887,219	2,767,797
Financing lease liability, less current portion	92,481	129,139
Accrued interest payable to Department of Children and Families	157,546	62,661
Client trust funds	222,106	316,384
Total long-term liabilities	2,359,352	3,275,981
Total liabilities	8,198,633	7,423,619
 Net assets without donor restrictions		
Undesignated	2,159,384	2,044,122
Invested in property and equipment	(95,358)	(87,780)
Total net assets without donor restrictions	2,064,026	1,956,342
Total Liabilities and Net Assets	\$ 10,262,659	\$ 9,379,961

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

**COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Revenues		
Grants and contracts	\$ 39,766,744	\$ 41,285,702
Contributions	534,516	24,698
Consulting fees	285,876	269,952
Loss on sale of investment	-	(20,000)
Other	19,899	67,314
Total revenues	40,607,035	41,627,666
Expenses		
Program services	37,304,626	38,159,638
Management and general	3,194,725	3,161,765
Total expenses	40,499,351	41,321,403
Increase in net assets without donor restriction	107,684	306,263
Net assets , without donor restriction, beginning of year	1,956,342	1,650,079
Net assets , without donor restriction, end of year	\$ 2,064,026	\$ 1,956,342

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

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Bank Charges	\$ -	\$ 29,583	\$ 29,583
Amortization	32,136	5,177	37,313
Employee Benefits	1,802,303	473,317	2,275,620
Insurance	186,722	36,641	223,363
Interest	5,822	938	6,760
Operating lease expense	802,641	129,313	931,954
Occupancy	279,038	44,956	323,994
Office	30,267	41,624	71,891
Other	65,212	44,659	109,871
Public Relations & Advertising	32,943	33,115	66,058
Purchased Services:			
Foster Care	2,316,761	-	2,316,761
Case Management	4,068,492	-	4,068,492
Adoptions	12,194,261	-	12,194,261
Outpatient	784,871	-	784,871
Independent Living	301,132	-	301,132
Residential & Group Care	7,597,414	-	7,597,414
Ancillary & Administrative	-	479,133	479,133
Other	385,820	176,549	562,369
Salaries & Wages	6,257,983	1,688,837	7,946,820
Supplies	160,808	10,883	171,691
Total expenses	<u>\$ 37,304,626</u>	<u>\$ 3,194,725</u>	<u>\$ 40,499,351</u>

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

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

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

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

COMMUNITIES CONNECTED FOR KIDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Increase in net assets without donor restriction	\$ 107,684	\$ 306,263
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Amortization of right-of- use assets	878,677	842,693
Change in assets and liabilities:		
Accounts receivable	(1,117,337)	1,494,980
Prepaid expenses	81,987	(71,247)
Deposits	-	36,500
Loss on investment - Child Welfare Trust	-	20,000
Refundable advance - grants	451,584	(1,335,534)
Accounts payable and accrued expenses	1,386,950	(461,475)
Due to The Devereux Foundation	(98,143)	111,786
Client trust funds	(94,278)	120,325
Operating lease liabilities	(836,110)	(800,098)
	653,330	(42,070)
Total adjustments		
Net cash provided by operating activities	761,014	264,193
Cash flows from financing activities		
Principal payments on finance lease liability	(34,989)	(22,436)
Cash flows from investing activities		
Sale of Investment - Child Welfare Trust	-	30,000
Net change in cash and cash equivalents	726,025	271,757
Cash and cash equivalents, beginning of period	4,646,095	4,374,338
Cash and cash equivalents, end of period		
(Including \$222,106 and \$316,384 reported in restricted accounts at June 30, 2025 and 2024, respectively)	\$ 5,372,120	\$ 4,646,095
Supplemental disclosure of non-cash investing and financing activities		
Right-of-use assets obtained in exchange for financing lease obligations	\$ -	\$ 186,563
Right-of-use assets obtained in exchange for operating lease obligations	\$ -	\$ 1,094,312

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

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

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

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

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

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

The Organization has no net assets with donor restrictions at June 30, 2025 and 2024, and all support and revenue is considered without donor restriction for the years ended June 30, 2025 and 2024.

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

A significant portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Organization received amounts in advance under state and local contracts and grants of \$474,938 and \$23,354 that have not been recognized at June 30, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

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

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

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

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

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

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

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

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

(j) **Functional allocation of expenses**—The costs of providing the various programs and supporting activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program services and supporting services based on methods that management believes are reasonable and consistently applied.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Expenses are allocated in accordance with the approved DCF cost allocation plan. Personnel-related costs, including salaries, benefits, and payroll taxes, are allocated based on direct time charged or estimated full-time equivalent (FTE) effort by function. Other shared costs, such as occupancy, administrative support, and general operating expenses, are allocated based on relative FTEs or service events, depending on the nature of the cost and the extent to which each function benefits. The allocation methodologies are reviewed periodically and adjusted, if necessary, to reflect changes in operations

(k) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 24, 2026, the date the financial statements were available to be issued, noting none.

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

(m) **Leases**—The Organization leases office equipment and commercial building space. The Organization determines if an arrangement is a lease at inception. Operating leases are reflected as an operating lease right-of-use (ROU) asset and operating lease liabilities on the Organization's statement of financial position. Finance leases are included in finance lease right-of-use assets and finance lease liabilities on the Organization's statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. For finance leases, the Organization recognizes an asset representing its right to use the leased property and a corresponding liability representing its obligation to make lease payments. The ROU asset is initially recorded at the present value of lease payments and amortized over the lease term. The lease liability is recognized at the present value of the lease payments, using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Organization's incremental borrowing rate. Interest on the lease liability is recognized using the effective interest method.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

This evaluation may require significant judgment. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, such as office space, the Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

(n) **Recently issued accounting pronouncements**— The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of existing accounting guidance during 2025 and earlier years. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and, as there were none that affected the Organization in the current year, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

(o) **Reclassification of prior year presentation**—Certain amounts in the prior year's financial statement have been reclassified to conform to the presentation of the current year financial statements. These reclassifications had no effect on the prior period change in net assets without donor restrictions.

(2) **Contingencies:**

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

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

Significant concentrations of credit risk for all financial instruments owned by the Organization for the year ended June 30, 2025, are as follows:

(a) **Cash in bank**—The Organization has demand deposits with a regional bank amounting to \$5,415,343 and \$4,913,470 at June 30, 2025 and 2024, respectively. Uninsured balances totaled \$4,800,586 and \$4,207,018 at June 30, 2025 and 2024, respectively. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned. The Organization's deposits at each financial institution are federally insured by FDIC up to \$250,000.

(b) **Grants and contracts receivable**—The Organization's receivables are for amounts due under contracts with state and Federal agencies. The Organization has no policy requiring collateral or other security to support its receivables.

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(4) Liquidity Resources:

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

	2025	2024
Financial assets available within one year, at year end:		
Cash and cash equivalents	\$ 5,150,014	\$ 4,329,711
Grants and contracts receivable	1,799,818	682,481
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,949,832</u>	<u>\$ 5,012,192</u>

As shown in the table above, the Organization has adequate financial assets available to meet liquidity needs. The Organization receives significant grant funds each year, which are entirely available to meet annual cash needs for general and program expenditures as the Organization has no donor restricted or designated net assets. The Organization is reliant on this grant funding to meet liquidity needs, as discussed in Note 5.

(5) Significant Funding Source:

For the year ended June 30, 2025, the Organization received approximately 39% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida Department of Children and Families and approximately 60% of its funding directly from the State of Florida Department of Children and Families. For the year ended June 30, 2024, the Organization received approximately 45% of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida Department of Children and Families and approximately 54% of its funding directly from the State of Florida Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization's programs and activities.

(6) Operating and Financing Leases:

The Organization has operating and finance leases for office equipment (commercial copiers) and buildings, which have remaining lease terms expiring in fiscal year 2028. As of June 30, 2025, assets recorded under finance lease were \$124,375 and accumulated amortization associated with finance leases was \$37,313. At June 30, 2024, assets recorded under finance lease were \$161,688 and accumulated amortization associated with finance leases was \$24,875.

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

	2025	2024
Operating lease cost	\$ 931,954	\$ 931,954
Amortization of right-of-use assets	37,313	24,875
Interest on lease liabilities	6,760	5,396
	<u>\$ 976,027</u>	<u>\$ 962,225</u>

COMMUNITIES CONNECTED FOR KIDS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(6) **Operating and Financing Leases:** (Continued)

Other information related to leases for the years ended June 30, 2025 and 2024, is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 926,701	\$ 895,454
Operating cash flows from finance leases	6,895	4,760
Financing cash flows from finance leases	34,853	19,593
ROU assets obtained in exchange for new operating lease liabilities	-	1,075,533
ROU assets obtained in exchange for new finance leases	-	183,084
Weighted-average remaining lease term—operating leases	3.00 years	4.00 years
Weighted-average remaining lease term—finance leases	3.33 years	4.33 years
Weighted-average discount rate—operating leases	2.88%	2.88%
Weighted-average discount rate—finance leases	4.67%	4.67%

Future minimum lease payments under non-cancellable leases as of June 30, 2025 were as follows:

Year Ending June 30,	Operating	Finance
2026	\$ 946,457	\$ 41,748
2027	959,646	41,748
2028	980,353	41,748
2029	-	13,915
2030	-	-
Thereafter	-	-
Total undiscounted cash flows	2,886,456	139,159
Less: present value discount	(118,657)	(10,021)
Total lease liabilities	\$ 2,767,799	\$ 129,138

(7) **Retirement Plan:**

The Organization, through its affiliation with Devereux, participates in several employee benefit plans administered by Devereux, including a defined contribution retirement plan covering all eligible employees, which is administered by TIAA. To be eligible for an employer contribution, an employee must have completed two years of service, work a minimum of 1,000 hours annually, and be active at the end of the plan year (December 31). Contributions to the plan are generally based on 5% of the employee's compensation, plus a match of employee contributions up to 2% of compensation, and are made annually each January. These contributions are credited to individual annuity contracts owned by each participant and are charged to expense when earned. Contribution expense was \$400,085 and \$381,508 in 2025 and 2024, respectively.

(8) **Litigation:**

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

COMMUNITIES CONNECTED FOR KIDS, INC.

ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor, Pass-Through Grantor, State Grantor Program Title	Federal AL Number	State CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
FEDERAL AWARDS					
U. S. Department of Health and Human Services:					
Passed through State of Florida Guardianship Assistance	93.090	--	ZJ002	-	\$ 376,972
Promoting Safe and Stable Families	93.556	--	ZJ002	645,856	840,435
Temporary Assistance for Needy Families	93.558	--	ZJ002	735,301	2,609,387
Community Based Family Resource and Support Grants	93.590	--	ZJ002	-	154,945
Grants to States for Access and Visitation Programs	93.597	--	ZJ002	-	31,672
Chafee Education and Training Vouchers Program (ETV)	93.599	--	ZJ002	-	71,801
Adoption incentive payments	93.603	--	ZJ002	-	5,792
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	ZJ002	106,725	348,349
Foster Care-Title IV-E	93.658	--	ZJ002	1,523,664	3,914,144
Adoption Assistance	93.659	--	ZJ002	404,134	6,215,158
Social Services Block Grant	93.667	--	ZJ002	134,340	766,049
Child Abuse and Neglect State Grants	93.669	--	ZJ002	4,523	3,554
Chafee Foster Care Independence Program	93.674	--	ZJ002	-	216,464
Medical Cluster Passed through State of Florida Medical Assistance Program Total Medical Cluster	93.778	--	ZJ002	4,801	391,441
				<u>4,801</u>	<u>391,441</u>
Total U.S. Department of Health and Human Services				<u>3,559,344</u>	<u>15,946,163</u>
Total Expenditures of Federal Awards				<u>3,559,344</u>	<u>15,946,163</u>
STATE FINANCIAL ASSISTANCE					
State of Florida, Department of Children and Families:					
Out of Home Supports	--	60.074	ZJ002	3,119,245	4,644,979
Adoption Services	--	60.076	ZJ002	-	97,593
Independent Living	--	60.112	ZJ002	-	7,797
Sexually Exploited Children	--	60.138	ZJ002	-	54,082
Extended Foster Care Program	--	60.141	ZJ002	-	129,563
Purchase Therapeutic Services for Children	--	60.183	ZJ002	29,124	169,008
Family Finders Program	--	60.206	ZJ002	-	158,361
Kinship Navigator Program	--	60.207	ZJ002	-	776,002
Continuing Care For Young Adults	--	60.209	ZJ002	-	46,306
Guardianship Assistance Program	--	60.210	ZJ002	-	122,463
Fatherhood Engagement Specialists	--	60.211	ZJ002	84,468	93,861
Early Childhood Court Case Management and Prevention Services	--	60.225	ZJ002	2,508	22,604
State Funded Child Care Subsidy	--	60.224	ZJ002	-	276,223
Total State of Florida, Department of Children and Families:				<u>3,235,345</u>	<u>6,598,842</u>
Total Expenditures of State Financial Assistance				<u>3,235,345</u>	<u>6,598,842</u>
Total Federal Awards and State Financial Assistance				<u>\$ 6,794,689</u>	<u>\$ 22,545,005</u>

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

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025
(Continued)

Note (1): Basis of Accounting

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting. None of the Federal awards or State financial assistance expended by the Organization were in the form of noncash assistance, there was no insurance in effect during the year related to Federal awards, nor were there any loans or loan guarantees outstanding at year-end. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note (2): Service Provided Contracts

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

Note (3): Pass-Through Awards

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

Note (4): De Minimis Indirect Cost Rate Election

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

Note (5): Matching Funds for Federal Programs

The following funds were provided by the State of Florida, through the Department of Children and Families as matching funds for the Federal Programs under Contract No. ZJ002 as follows:

Name of Program	<u>ALN Number</u>	<u>Amount</u>
State Department of Children and Families	90.XXX	\$ 4,541,691
Guardianship Assistance	93.090	282,559
Promoting Safe and Stable Families	93.556	14,062
Temporary Assistance for Needy Families "TANF Cluster"	93.558	3,503,045
Chafee Education and Training Vouchers Program (ETV)	93.599	17,950
Stephanie Tubbs Jones Child Welfare Services Program	93.645	116,116
Foster Care -Title IV-E	93.658	3,484,088
Adoption Assistance	93.659	4,816,671
Chafee Foster Care Independence Program	93.674	54,116
Medical Assistance Program "Medicaid Cluster"	93.778	391,441
Total State Funds Awarded for Matching		<u>\$ 17,221,739</u>

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Communities Connected for Kids, Inc., which comprise the statement of financial position as of June 30, 2025, 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 February 24, 2026.

Report on Internal Control over Financial Reporting

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

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

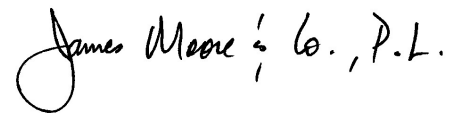
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Communities Connected for Kids, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Communities Connected for Kids, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Gainesville, Florida
February 24, 2026

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

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

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

Opinion on Each Major Federal Program and Major State Project

We have audited Communities Connected for Kids, Inc. compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the *Department of Financial Services* State Projects Compliance Supplement that could have a direct and material effect on each of Communities Connected for Kids, Inc.'s major federal programs and major state projects for the year ended June 30, 2025. Communities Connected for Kids, Inc. major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Communities Connected for Kids, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Chapter 10.650, Rules of the Auditor General, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Communities Connected for Kids, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Communities Connected for Kids, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Communities Connected for Kids, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

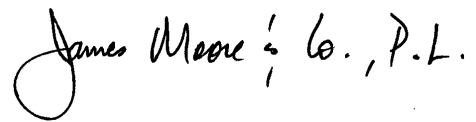
Report on Internal Control over Compliance

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

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

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

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

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

Gainesville, Florida
February 24, 2026

**COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs: ALN 93.659, Adoption Assistance

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

Auditee qualified as low-risk auditee? Yes No

State Financial Assistance

Internal control over major projects:

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

COMMUNITIES CONNECTED FOR KIDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2025
(Continued)

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

Type of auditors' report issued on compliance for major projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General, Chapter 10.650?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Identification of major project:	CSFA 60.074, Out of Home Supports CSFA 60.207 Kinship Navigator Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000

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

There are no current year audit findings.

Section III. Findings and Questioned Costs for Federal Awards:

There are no current year audit findings.

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

There are no current year audit findings.

Section V. Prior Audit Findings for Federal Awards for the Year Ended June 30, 2024:

There were no prior year audit findings.

Section VI. Prior Audit Findings for State Financial Assistance for the Year Ended June 30, 2024:

There were no prior year audit findings.

Section VII. Management Letter

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