

**COMMUNITY PARTNERSHIP FOR
CHILDREN, INC.**

FINANCIAL STATEMENTS

June 30, 2025

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 - 14
SUPPLEMENTAL 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>	15 - 16
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	17 - 18
Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance	19 - 20
Schedule of Expenditures of Federal Awards and State Financial Assistance	21 - 22



INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Community Partnership for Children, Inc.
Daytona Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Partnership for Children, Inc. (a nonprofit corporation), 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Partnership for Children, Inc. as of June 30, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Partnership for Children, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Partnership for Children, 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 Community Partnership for Children, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of Community Partnership for Children, 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 Community Partnership for Children, 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 Community Partnership for Children, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 11, 2025

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Current assets			
Cash and cash equivalents	\$ 20,790,707	\$ 24,229	\$ 20,814,936
Restricted trust funds	192,462	-	192,462
Accounts receivable	262,469	-	262,469
Prepaid expenses	191,144	-	191,144
	<hr/>	<hr/>	<hr/>
Total current assets	21,436,782	24,229	21,461,011
Operating lease right-of-use assets	3,973,555	-	3,973,555
Deposits	79,314	-	79,314
Furniture and equipment, net	1,075,785	-	1,075,785
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 26,565,436</u>	<u>\$ 24,229</u>	<u>\$ 26,589,665</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Accounts payable	\$ 2,587,976	\$ -	\$ 2,587,976
Accrued expenses	1,905,011	-	1,905,011
Restricted trust funds	192,452	-	192,452
Refundable advance	16,190,890	-	16,190,890
Short-term lease liability	1,241,392	-	1,241,392
	<hr/>	<hr/>	<hr/>
Total current liabilities	22,117,721	-	22,117,721
Operating lease liabilities	2,805,902	-	2,805,902
	<hr/>	<hr/>	<hr/>
Total liabilities	24,923,623	-	24,923,623
Net assets			
Without donor restrictions	1,641,813	-	1,641,813
With donor restrictions	-	24,229	24,229
	<hr/>	<hr/>	<hr/>
Total net assets	1,641,813	24,229	1,666,042
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 26,565,436</u>	<u>\$ 24,229</u>	<u>\$ 26,589,665</u>

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contracts, grants and contributions from government agencies	\$ 36,678,493	\$ -	\$ 36,678,493
State matching funds for federal grants	26,899,492	-	26,899,492
Contributions	7,056	19,586	26,642
Sunshine	445,100	-	445,100
Other income	187,997	-	187,997
Contribution of non-financial assets	225,970	-	225,970
Net assets released from restrictions:			
Satisfaction of purpose restrictions	18,098	(18,098)	-
	<u>64,462,206</u>	<u>1,488</u>	<u>64,463,694</u>
Total revenues and support			
EXPENSES			
Adoptions	15,952,477	-	15,952,477
Depreciation	223,778	-	223,778
Employee support	55,240	-	55,240
Independent living	1,656,086	-	1,656,086
Non-financial expense	225,970	-	225,970
Insurance	350,249	-	350,249
Occupancy	1,380,635	-	1,380,635
Out of home care room and board	13,305,704	-	13,305,704
Out of home care support	353,563	-	353,563
Purchased services	11,925,795	-	11,925,795
Salaries and benefits	16,006,081	-	16,006,081
Support	960,617	-	960,617
Telecommunications/information	543,556	-	543,556
Travel, meals, and lodging	1,556,886	-	1,556,886
	<u>64,496,637</u>	<u>-</u>	<u>64,496,637</u>
Total expenses			
Change in net assets	(34,431)	1,488	(32,943)
NET ASSETS, BEGINNING OF YEAR	<u>1,676,244</u>	<u>22,741</u>	<u>1,698,985</u>
NET ASSETS, END OF YEAR	<u>\$ 1,641,813</u>	<u>\$ 24,229</u>	<u>\$ 1,666,042</u>

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (32,943)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	223,778
Non-cash rent expense	28,706
Decrease in account receivables	15,097
Decrease in prepaid expenses	70,345
Increase in deposits	(4,529)
Decrease in other non-current assets	50,000
Decrease in accounts payable	(260,693)
Increase in accrued expenses	557,220
Decrease in client trust funds	(36,768)
Increase in refundable advance	699,498

Cash provided by operating activities 1,309,711

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of furniture and equipment (275,129)

Increase in cash, cash equivalents, and restricted cash 1,034,582

Cash, cash equivalents, and restricted cash, beginning of year (See Note A-12) 19,972,816

Cash, cash equivalents, and restricted cash end of year (See Note A-12) \$ 21,007,398

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

COMMUNITY PARTNERSHIP FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

Program Services

	<u>Adoption</u>	<u>Case Management</u>	<u>Family Preservation</u>	<u>Out of Home Care</u>	<u>Independent Living</u>	<u>Other</u>	<u>Prevention</u>	<u>Administration</u>	<u>Total</u>
Adoptions	\$ 15,899,335	\$ -	\$ -	\$ -	\$ -	\$ 53,142	\$ -	\$ -	\$ 15,952,477
Depreciation	-	-	-	-	-	-	-	223,778	223,778
Employee support	1,721	27,727	-	-	1,051	22,106	160	2,475	55,240
Independent living	-	35	-	528	1,644,515	11,008	-	-	1,656,086
Non-financial expense	42,530	-	143,369	-	-	-	40,071	-	225,970
Insurance	15,555	266,991	-	-	1,285	28,585	6,429	31,404	350,249
Occupancy	49,446	984,125	-	-	5,555	125,300	19,791	196,418	1,380,635
Out of home care room and board	237,679	54,260	678,601	12,303,476	-	618	31,070	-	13,305,704
Out of home care support	182	238,745	-	112,604	336	1,468	79	149	353,563
Purchased services	144	4,782,400	396,335	2,444,003	539,871	64,756	3,697,774	512	11,925,795
Salaries and benefits	714,807	12,663,056	-	-	154,738	856,875	222,245	1,394,360	16,006,081
Support	90,517	11,257	-	72,451	38,807	170,912	111,567	465,106	960,617
Telecommunications/information	22,281	441,526	-	-	2,295	45,334	9,140	22,980	543,556
Travel, meals, and lodging	117,893	781,316	225	512,718	14,932	38,988	73,928	16,886	1,556,886
Total expenses	<u>\$ 17,192,090</u>	<u>\$ 20,251,438</u>	<u>\$ 1,218,530</u>	<u>\$ 15,445,780</u>	<u>\$ 2,403,385</u>	<u>\$ 1,419,092</u>	<u>\$ 4,212,254</u>	<u>\$ 2,354,068</u>	<u>\$ 64,496,637</u>

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

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General

Community Partnership for Children, Inc. (the "Organization"), a Florida not-for-profit corporation, was formed on December 7, 1999. The Organization signed a start-up contract with the Florida Department of Children and Families (DCF) to develop key competencies in the child protection services process and for the Organization to establish the necessary infrastructure, including policy and procedure development, prior to assuming full responsibility for child protection services as stated in section 409.1671, Florida Statutes. The Organization administers, integrates, coordinates, and assures 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 Volusia, Flagler, and Putnam counties.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board may designate a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed and grantor-imposed restrictions, time and/or purpose restrictions.

The Organization reports contributions restricted by donors or grantors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. The Organization reports all other gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note I for more information on the composition of net assets with donor restrictions.

3. Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Accrued vacation

The Organization accrues for vacation benefits earned by employees, but not yet taken. The Organization's employees are not entitled to payment for unused sick days. The Organization's policy allows for employees to carry over a maximum of 320 hours of unused vacation benefits from year to year. As of June 30, 2025, accrued vacation totaled \$529,986, and is included in accrued expenses in the statement of financial position.

5. Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Organization is not classified as a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

Management has analyzed the Organization's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Organization remains subject to examination by the US Internal Revenue Service for the years ended June 30, 2023 through June 30, 2025.

6. 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.

7. Furniture and equipment

Furniture and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the assets 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.

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

8. Accounts receivable

Accounts receivable are stated at unpaid balances. The Organization charges off uncollectible accounts receivable when management determines the receivable will not be collected. As of June 30, 2025, the Organization considers all receivable amounts to be fully collectable, thus no allowance for doubtful accounts has been recorded.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Revenue recognition

The Organization follows Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

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 the Organization has 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. At June 30, 2025, the Organization had grant receivables of \$0, relating to revenue earned during the year ended June 30, 2025. The Organization received amounts in advance under contracts and grants from government agencies of \$16,190,890 that have not been recognized at June 30, 2025, because qualifying expenditures have not yet been incurred.

Contributions received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is not restricted is reported as without donor restrictions. All other support is reported as with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

11. Contribution of non-financial 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. Donated materials and services are presented in the accompanying statement of activities as contributions of non-financial assets and non-financial expenses. During the year ended June 30, 2025, these amounted to \$225,970 for time of other organization's personnel which were recognized at their labor cost. Volunteer services provided to the Organization to carry out its mission do not meet the criterion used to record donated services; therefore, they have not been recorded in the accompanying financial statements.

12. Statement of cash flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$21,007,398 includes cash and cash equivalents of \$20,814,936 and restricted cash of \$192,462. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$19,972,816 includes cash and cash equivalents of \$19,746,586 and restricted cash of \$229,230.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Leases

The Organization determines if an arrangement is or includes a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, *Leases* (ASC 842), a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

Practical expedients and policy elections are available under the guidance, which was effective at adoption. The Organization elected the package of practical expedients permitted under the transition guidance which did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. For all other leases, the Organization recognizes right-of-use (ROU) asset and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of ASC 842). The Organization has also elected to use the risk-free discount rate for its leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

The Organization made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

NOTE B – CASH AND CASH EQUIVALENTS

Custodial Credit Risk - The Organization's policy is to place its cash investments with high quality financial institutions. The Organization maintains its cash deposit accounts in institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to \$250,000 per institution. At June 30, 2025, the Organization had \$21,280,723 in excess of federally insured limits. The Organization has never experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTE C – SIGNIFICANT FUNDING SOURCE

The Organization received a substantial amount of its funding (approximately 99%) for the year ended June 30, 2025, from the State of Florida, via the DCF, through contract NJ210, which is effective January 1, 2022, through December 31, 2026. \$308,278,936 for the contract period from January 1, 2022, through December 31, 2026. Each year's funding of the contract is contingent upon appropriations by the Florida legislature and is therefore considered a conditional promise to give, and is not recorded as a grant receivable. 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.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D – FURNITURE AND EQUIPMENT

Furniture and equipment and accumulated depreciation at June 30, 2025, are summarized as follows:

Equipment and software	\$ 1,401,954
Furniture and fixtures	406,504
Leasehold improvements	<u>687,768</u>
	2,496,226
Less: accumulated depreciation	<u>(1,420,441)</u>
Furniture and equipment, net	<u>\$ 1,075,785</u>

Depreciation expense for the year ended June 30, 2025, was \$223,778.

NOTE E – INVESTMENT IN COMMUNITY BASED CARE CASUALTY INSURANCE, LLC

Investments in equity securities of nonpublic entities without readily determinable fair values are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and totaled \$0 as of June 30, 2025. The Organization reviews its equity securities without readily determinable fair values on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Organization considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Organization estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount.

During 2016, the Organization and four other Community Based Care Lead Agency corporations each made initial contributions of \$50,000 to establish CBC Casualty Insurance, LLC (CBCCI). During 2020, an additional partner joined CBCCI. CBCCI is an insurance captive established for the purpose of issuing deductible buy-back insurance policies and providing risk management support to the participating members. The Organization and the other five members each own 16.67% of CBCCI. The Organization's investment in CBCCI is valued at its original 2016 cost, which approximates fair value, of \$50,000 as the investment does not have a readily determinable fair value. CBCCI ceased operations during 2025 and the investment was returned to the Organization.

NOTE F – LINE OF CREDIT

The Organization has a line of credit with a national bank that allows for borrowings up to \$1,000,000 with an interest rate equal to the adjustable rate of "The Wall Street Journal Prime Rate", which was 7.50% at June 2025. As of June 30, 2025, there is no balance outstanding on the line of credit. The line of credit matures on February 28, 2026.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G – 401K PLAN

The Organization established a 401K Plan effective July 24, 2010, for all qualifying employees. The Organization's 401K Plan includes a 401K match for participating employees in an amount equal to 100% of their elective deferrals that does not exceed 4% of the employees' compensation. Contributions to the profit sharing component of the Plan are at the discretion of the Organization and are determined on an annual basis. The Organization provided for matching contributions of \$225,434 to the Plan for the year ended June 30, 2025. Employees are immediately vested in their contributions and the matching contributions.

NOTE H – OPERATING LEASES

The Organization is party to six building operating leases and six equipment leases, which are required to be included on the statement of financial position under ASC 842.

As of June 30, 2025, the operating lease right-of-use (ROU) asset had a balance of \$3,973,555, as shown in non-current assets on the statement of financial position; the operating lease liability is included in current liabilities (\$1,241,392) and non-current liabilities (\$2,805,902). The operating lease asset and liability were calculated utilizing the risk-free discount rate (5.220%), according to the Organization's elected policy. The leases have a remaining life of four years as of June 30, 2025.

Lease costs (included in occupancy):

Operating lease cost	<u>\$1,244,593</u>
Total lease cost	<u>\$1,244,593</u>

Other Information:

Cash paid for amounts included in measuring operating lease liabilities:

Operating cash flows from operating lease	<u>\$1,215,887</u>
Total cash paid for amounts included in measuring operating lease liability	<u>\$1,215,887</u>

Weighted-average remaining lease term (years)	3.90
Weighted-average discount rate	5.220%

The difference between rent expense and rent paid is non-cash rent.

Maturities of operating lease liabilities as of June 30, 2025:

Year ending June 30:

2026	\$1,241,392
2027	1,267,810
2028	1,241,936
2029	259,725
2030	211,026
Thereafter	<u>213,696</u>
Total lease payments	4,435,585
Less: interest	<u>(388,291)</u>
Present value of lease liability	<u>\$4,047,294</u>

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions relate to funds received for specific purposes. These restrictions are considered to expire when the payments are received and the funds have been expended for the specified purpose. Net assets with donor restrictions as of June 30, 2025, are summarized as follows:

Kinship Unrestricted Donations	\$	6,622
KINISH		5,033
CARCH (Career Choice)		3,229
OVI Youth Council Mini Grant 2023		2,713
Human Trafficking Victims Donations		2,100
Back to School		1,677
Inspiration Grant Appeal		1,111
Soak-A-Server Adoptions		802
Race for Success		583
Early Childhood Court		274
2-4-2 Book Project		44
Jack and Jill of America		37
Daytona Lagoon		4
		<u>4</u>
	\$	<u>24,229</u>

NOTE J – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donor. The net assets released from restrictions for the year ended June 30, 2025 are as follows:

Toy Drive	\$	15,093
OVI Youth Council Mini Grant 2023		2,505
Kinship Unrestricted Donations		<u>500</u>
	\$	<u>18,098</u>

NOTE K – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and others, are allocated on a fixed percentage derived from total staff hours.

Community Partnership for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE L – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures is as follows:

Cash and cash equivalents without donor restrictions	\$ 20,790,707
Accounts receivable	<u>262,469</u>
Total financial assets available within one year	<u>\$ 21,053,176</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,000,000, which it could draw upon.

NOTE M – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 11, 2025, the date the financial statements were available to be issued.