

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
and
SUPPLEMENTARY INFORMATION**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Advocates for Bartow's Children, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Advocates for Bartow's Children, Inc. DBA Advocates for Children (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2022, and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations* ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated the date of this report on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Smith and Howard

May 25, 2023

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 2,309,100	\$ 1,222,558
Investments	291,673	285,830
Grants receivable	480,439	209,770
Pledges receivable	151,101	73,000
Prepaid expenses	<u>42,388</u>	<u>30,390</u>
Total Current Assets	<u>3,274,701</u>	<u>1,821,548</u>
Property and equipment, net	<u>1,891,448</u>	<u>2,872,190</u>
	<u>\$ 5,166,149</u>	<u>\$ 4,693,738</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 132,865	\$ 117,430
Note payable - current portion	<u>58,856</u>	<u>48,000</u>
Total Current Liabilities	<u>191,721</u>	<u>165,430</u>
Note Payable - Net of Current Portion	<u>853,144</u>	<u>920,847</u>
Net Assets		
Without donor restrictions	3,522,251	3,449,080
With donor restrictions	<u>599,033</u>	<u>158,381</u>
Total Net Assets	<u>4,121,284</u>	<u>3,607,461</u>
	<u>\$ 5,166,149</u>	<u>\$ 4,693,738</u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Other Support			
Government grant revenues	\$ 2,141,440	\$ -	\$ 2,141,440
Non-government grant revenues	73,134	-	73,134
Contributions	551,576	600,961	1,152,537
Investment return, net	179,083	-	179,083
Special events, net direct donor benefit of \$54,444	347,852	-	347,852
In-kind contributions	200,642	-	200,642
Satisfaction of restrictions	<u>160,309</u>	<u>(160,309)</u>	<u>-</u>
	<u>3,654,036</u>	<u>440,652</u>	<u>4,094,688</u>
 Expenses			
Program services			
Joe Frank Harris Building	101,060	-	101,060
Children's Shelter	618,180	-	618,180
Hope in Your Home & First Steps	501,024	-	501,024
Child Advocacy Center	290,418	-	290,418
C.A.S.A.	583,133	-	583,133
RISE	723,396	-	723,396
Together for Families	<u>195,924</u>	<u>-</u>	<u>195,924</u>
Total Program Services	<u>3,013,135</u>	<u>-</u>	<u>3,013,135</u>
 Supporting services			
Management and general	54,641	-	54,641
Fundraising	<u>513,089</u>	<u>-</u>	<u>513,089</u>
Total Supporting Expenses	<u>567,730</u>	<u>-</u>	<u>567,730</u>
 Total Expenses	<u>3,580,865</u>	<u>-</u>	<u>3,580,865</u>
 Change in Net Assets	73,171	440,652	513,823
 Net Assets, Beginning of Year	<u>3,449,080</u>	<u>158,381</u>	<u>3,607,461</u>
 Net Assets, End of Year	<u>\$ 3,522,251</u>	<u>\$ 599,033</u>	<u>\$ 4,121,284</u>

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

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains and Other Support			
Government grant revenues	\$ 1,964,945	\$ -	\$ 1,964,945
Non-government grant revenues	64,380	-	64,380
Contributions	547,096	473,000	1,020,096
Investment return, net	35,688	-	35,688
Special events, net direct donor benefit of \$36,464	307,899	-	307,899
In-kind contributions	1,604,197	-	1,604,197
Satisfaction of restrictions	<u>314,619</u>	<u>(314,619)</u>	<u>-</u>
	<u>4,838,824</u>	<u>158,381</u>	<u>4,997,205</u>
 Expenses			
Program services			
Children's Shelter	608,178	-	608,178
Hope in Your Home & First Steps	382,067	-	382,067
Child Advocacy Center	343,518	-	343,518
C.A.S.A.	410,688	-	410,688
RISE	<u>579,605</u>	<u>-</u>	<u>579,605</u>
Total Program Services	<u>2,324,056</u>	<u>-</u>	<u>2,324,056</u>
 Supporting services			
Management and general	96,263	-	96,263
Fundraising	<u>495,228</u>	<u>-</u>	<u>495,228</u>
Total Supporting Expenses	<u>591,491</u>	<u>-</u>	<u>591,491</u>
 Total Expenses	<u>2,915,547</u>	<u>-</u>	<u>2,915,547</u>
 Change in Net Assets	1,923,277	158,381	2,081,658
 Net Assets, Beginning of Year	<u>1,525,803</u>	<u>-</u>	<u>1,525,803</u>
 Net Assets, End of Year	<u>\$ 3,449,080</u>	<u>\$ 158,381</u>	<u>\$ 3,607,461</u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services			Total	
	Joe Frank Harris Building	Children's Shelter	Hope in Your Home & First Steps	Child Advocacy Center	C.A.S.A.	RISE	Together for Families	Total Program Services	Management and General	Fundraising		Total Supporting Services
Compensation and related expenses	\$ -	\$ 395,107	\$ 348,855	\$ 230,129	\$ 454,199	\$ 200,720	\$ 36,688	\$ 1,665,698	\$ 18,709	\$ 195,079	\$ 213,788	\$ 1,879,486
Advertising	4,170	556	330	192	9,784	841	2,546	18,419	273	18,598	18,871	37,290
Clothing, personal needs and tutoring	-	5,040	23,982	201	1,420	31,726	16,732	79,101	2	882	884	79,985
Conferences and training	21	6,199	22,511	8,853	12,042	3,119	1,094	53,839	543	933	1,476	55,315
Professional fees	-	16,004	10,609	6,673	14,101	16,254	6,817	70,458	5,301	157,039	162,340	232,798
Bank fees	260	122	110	126	349	72	38	1,077	386	6,121	6,507	7,584
Depreciation	2,133	1,891	2,446	2,843	7,857	1,528	639	19,337	8,845	13,929	22,774	42,111
Dues and subscriptions	37	585	6,437	1,865	1,044	548	246	10,762	154	1,017	1,171	11,933
Equipment rent and maintenance	-	21,875	827	1,363	3,014	1,496	-	28,575	1,596	1,446	3,042	31,617
Food	2	17,538	393	480	3,011	16,148	576	38,148	8	55	63	38,211
Gifts and awards	1,096	305	160	164	314	235	56	2,330	349	1,111	1,460	3,790
Insurance												
Liability, auto, directors & officers	13,384	14,178	9,125	5,585	9,493	13,322	2,537	67,624	2,780	7,574	10,354	77,978
Workers compensation	-	10,810	7,133	4,259	7,688	11,772	2,648	44,310	114	7,429	7,543	51,853
Meetings	868	1,812	713	568	1,051	2,249	268	7,529	550	2,461	3,011	10,540
Postage	11	683	368	265	437	614	145	2,523	48	1,905	1,953	4,476
Rent	-	24,191	35,201	70	20,318	401,480	108,382	589,642	4,845	3,264	8,109	597,751
Repairs and maintenance	4,369	11,545	590	1,744	1,129	411	-	19,788	299	226	525	20,313
Security	915	1,443	-	550	447	78	439	3,872	96	55	151	4,023
Special events expense	2,016	-	-	-	-	-	-	2,016	-	64,550	64,550	66,566
Supplies												
Household	2,234	3,515	6,645	9,804	1,736	94	6,936	30,964	1,203	2,736	3,939	34,903
Office and program materials	373	2,833	6,103	2,013	7,824	1,804	2,755	23,705	2,009	17,564	19,573	43,278
Technology	-	6,894	4,475	2,718	5,070	7,311	3,406	29,874	3,645	5,090	8,735	38,609
Telephone	-	5,823	3,667	2,795	4,521	3,772	1,327	21,905	1,177	1,784	2,961	24,866
Travel	99	5,251	5,424	686	10,280	5,623	8	27,371	104	960	1,064	28,435
Interest	38,669	-	-	-	-	-	-	38,669	-	-	-	38,669
Property taxes	25,462	-	-	-	-	-	-	25,462	-	-	-	25,462
Utilities	4,941	19,020	4,920	6,472	6,004	2,179	1,641	45,177	1,605	1,281	2,886	48,063
Donations in Kind	-	44,960	-	-	-	-	-	44,960	-	-	-	44,960
	<u>\$ 101,060</u>	<u>\$ 618,180</u>	<u>\$ 501,024</u>	<u>\$ 290,418</u>	<u>\$ 583,133</u>	<u>\$ 723,396</u>	<u>\$ 195,924</u>	<u>\$ 3,013,135</u>	<u>\$ 54,641</u>	<u>\$ 513,089</u>	<u>\$ 567,730</u>	<u>\$ 3,580,865</u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services					Total Program Services	Supporting Services			Total
	Children's Shelter	Hope in Your Home & First Steps	Child Advocacy Center	C.A.S.A.	RISE		Management and General	Fundraising	Total Supporting Services	
Compensation and related expenses	\$ 375,651	\$ 292,981	\$ 267,458	\$ 277,242	\$ 220,981	\$ 1,434,313	\$ 40,492	\$ 205,051	\$ 245,543	\$ 1,679,856
Advertising	123	113	113	14,214	156	14,719	522	17,957	18,479	33,198
Clothing, personal needs and tutoring	29,147	20,234	727	9,661	281,252	341,021	-	82	82	341,103
Conferences and training	8,132	4,500	7,344	13,906	2,830	36,712	446	3,169	3,615	40,327
Professional fees	16,872	10,943	8,073	10,073	11,770	57,731	3,992	135,165	139,157	196,888
Bank fees	203	141	164	125	277	910	250	6,126	6,376	7,286
Depreciation	-	3,125	3,125	10,156	1,563	17,969	14,453	6,641	21,094	39,063
Dues and subscriptions	407	5,424	2,946	795	1,024	10,596	228	2,638	2,866	13,462
Equipment rent and maintenance	1,909	7	2,682	1,091	33	5,722	33	274	307	6,029
Food	20,648	454	1,431	1,603	16,836	40,972	82	170	252	41,224
Gifts and awards	675	333	287	346	443	2,084	274	2,235	2,509	4,593
Insurance										
Liability, auto, directors & officers	10,501	7,135	7,696	8,525	6,653	40,510	1,761	9,783	11,544	52,054
Workers compensation	4,814	3,614	2,575	4,605	3,287	18,895	2,499	3,556	6,055	24,950
Meetings	627	478	569	460	958	3,092	658	3,027	3,685	6,777
Miscellaneous	2,018	6	91	-	134	2,249	507	114	621	2,870
Postage	99	34	58	30	-	221	60	2,222	2,282	2,503
Rent	75,034	10,431	831	14,701	15,167	116,164	3,844	5,229	9,073	125,237
Repairs and maintenance	5,867	553	703	-	736	7,859	-	330	330	8,189
Security	3,379	13	748	417	58	4,615	58	828	886	5,501
Special events expense	-	-	-	-	-	-	-	61,658	61,658	61,658
Supplies										
Household	4,729	2,894	2,255	2,548	5,370	17,796	1,107	1,217	2,324	20,120
Office and program materials	6,918	3,784	8,265	9,855	1,239	30,061	3,611	15,247	18,858	48,919
Technology	5,892	4,585	6,236	8,088	4,912	29,713	2,809	8,830	11,639	41,352
Telephone	5,604	2,533	5,082	5,222	290	18,731	287	391	678	19,409
Travel	2,750	1,719	2,670	6,078	1,821	15,038	609	180	789	15,827
Interest	-	-	-	-	-	-	16,248	-	16,248	16,248
Utilities	26,179	6,033	11,389	10,947	1,815	56,363	1,433	3,108	4,541	60,904
	<u>\$ 608,178</u>	<u>\$ 382,067</u>	<u>\$ 343,518</u>	<u>\$ 410,688</u>	<u>\$ 579,605</u>	<u>\$ 2,324,056</u>	<u>\$ 96,263</u>	<u>\$ 495,228</u>	<u>\$ 591,491</u>	<u>\$ 2,915,547</u>

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

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 513,823	\$ 2,081,658
Adjustments to reconcile change in net assets to net cash provided (required) by operating activities:		
Restricted contributions received	(543,777)	-
Depreciation	42,111	39,063
Gain on sale of property and equipment	(175,150)	-
Donated land and building (Note C)	-	(1,400,275)
Net realized and unrealized (gain) loss on investments	55,762	(33,910)
(Increase) decrease in assets:		
Grants receivable	(270,669)	(144,985)
Pledges receivable	78,101	-
Prepaid expenses	(11,998)	947
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>15,435</u>	<u>53,465</u>
Net Cash Provided (Required) by Operating Activities	<u>(296,362)</u>	<u>595,963</u>
 Cash Flows from Investing Activities:		
Sales of investments	-	248,151
Purchases of investments	(61,605)	(9,951)
Proceeds from sale of property and equipment	1,595,000	-
Purchase of property and equipment	<u>(481,219)</u>	<u>(256,406)</u>
Net Cash Provided (Required) by Investing Activities	<u>1,052,176</u>	<u>(18,206)</u>
 Cash Flows from Financing Activities:		
Restricted contributions received	387,575	-
Payments on note payable	<u>(56,847)</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>330,728</u>	<u>-</u>
 Net Increase in Cash and Equivalents	1,086,542	577,757
 Cash and Cash Equivalents, Beginning of Year	<u>1,222,558</u>	<u>644,801</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 2,309,100</u>	<u>\$ 1,222,558</u>
 <u>Supplemental Disclosure of Cash Flow Information:</u>		
 Cash paid for interest	<u>\$ 38,669</u>	<u>\$ 16,248</u>

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

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE A - NATURE OF ORGANIZATION

The Advocates for Bartow's Children, Inc. DBA Advocates for Children (the "Organization") provides services to children and families who have been the victims of abuse and neglect and whose mission is to strengthen our community of families by offering safety, comfort and hope to children and preventing child abuse in all its forms. The Organization offers a number of programs to achieve their mission. Below is a summary of the programs offered:

Flowering Branch Children's Shelter – The Organization operates the Flowering Branch Children's Shelter, a 24-hour a day, 365-days a year residential program for abused, abandoned, runaway or homeless youth. Youth receive case management services, individual and family counseling, development of social and independent living skills, and assistance with achieving a high school diploma, GED, and entrance into college. In addition to basic care, residents are provided a variety of activities such as homework/tutoring assistance and involvement in recreational activities.

Children's Advocacy Center ("CAC") – CAC serves children and youth who have made allegations of sexual or severe physical abuse. CAC serves as the site for forensic interviews of children in possible neglect or abuse cases as well as services such as referrals to various community resources, connection to the local victim's rights agency, client education and ongoing support throughout the investigations, and treatment process.

Court Appointed Special Advocates ("CASA") – The Organization support to children in foster care through a national program, CASA. The program involves trained volunteers who help abused and neglected children in the juvenile court system. The goal is to advocate for a safe, permanent home for each child.

RISE Independent Housing Program – RISE serves youth ages 18 to 24 experiencing homelessness. The purpose of the RISE program is to assist young people who do not have a permanent home, are unable obtain and maintain housing, are trying to become self-sufficient, and are striving to grow into independent and successful adults. Youth receive case management and, based on individual services plans, may receive temporary rental assistance, transportation, childcare assistance, and assistance obtaining and enhancing life skills; such as budgeting, maintaining a clean and organized household, time management and scheduling, and goal setting towards the future.

Hope in Your Home and First Steps – Hope in your home is a program designed to reach out to children and families who need parenting help through two programs: Parents as Teachers and Positive Parenting. First Steps is a free service that allows trained parent educators to provide support, parenting information, referrals, and services to any new mother. First Steps services include providing families guides to maternal health, newborn and child health, home and child safety, community and family safety, school readiness, and family economic self-sufficiency.

Together for Families – Together for families is a program that stabilizes families by providing concrete support while working with community partners to meet immediate basic needs, such adequate housing, food, and healthcare to prevent the trauma of unnecessary foster care removal and help families thrive.

ADVOCATES FOR BARTOW’S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Net Assets

Net assets, revenue, and support are classified based on the existence or absence of donor-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 restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are 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 are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

New Accounting Policy

The Organization adopted Accounting Standards Update (“ASU”) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity’s programs and other activities. The Organization applied ASU 2020-07 on a retrospective basis.

Risks and Uncertainties

The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, grants receivable and investments. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors grants receivable and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, donor restricted net assets are reclassified to without donor restricted net assets.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and other contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrance of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

The Organization records special events income at a point in time, which is when the event takes place.

For the years ended December 31, 2022 and 2021, the Organization received approximately 52% and 66%, respectively, of total revenue, gains and other support through various government agencies. Receivables arise from reimbursements owed through these government contracts. The Organization recognizes contributions when cash, securities, other assets: or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. The Organization has \$500,000 in conditional promises to give at December 31, 2022. As of the date of this report, the conditions related to this conditional promise have not been met.

Contributed Materials and Services

The Organization receives in-kind contributions of time and pro bono services from corporations, members of the community and volunteers related to program operations, special events, and fundraising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and goods.

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Materials and Services (Continued)

Donated goods are valued at the wholesale prices that would be received for selling similar products. In 2021, the Organization received in-kind rent for their administration offices and Flowering Branch Children's Shelter. The fair market value of rent donated by Bartow County was determined by rates provided by the County based on surrounding properties. Furthermore, in 2021, the Organization received a donated building and land from the County with a fair market value of approximately \$1,400,000. The value of the building and land were determined by a third-party appraisal.

The Organization received and utilized donated goods and services as follows as of December 31:

	<u>2022</u>	
	<u>Donated Goods</u>	<u>Donated Services</u>
Program supplies	\$ 164,037	\$ -
Food	22,788	-
Technology	7,303	-
Advertising	-	4,694
Professional services	-	920
Repairs and maintenance	-	900
	<u>\$ 194,128</u>	<u>\$ 6,514</u>
	 <u>2021</u>	
	<u>Donated Goods</u>	<u>Donated Services</u>
Building	\$ 1,400,265	\$ -
Rent	92,349	-
Program supplies	27,293	-
Food	22,275	-
Technology	5,590	-
Advertising	-	5,405
Professional services	-	50,120
Repairs and maintenance	-	900
	<u>\$ 1,547,772</u>	<u>\$ 56,425</u>

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Advised Funds

The Organization is the beneficiary, but not the legal owner, of donated endowments held and controlled by The Community Foundation of Northwest Georgia, Inc. (the "Foundation"). At December 31, 2022 and 2021, these funds had a fair market value of approximately \$234,000 and \$269,000, respectively. Since the Foundation has variance power to redirect the income from the named beneficiaries of these funds, the Organization does not record these endowed funds as assets. Distributions from the funds would be considered contributions without donor restrictions when received by the Organization. For the years ended December 31, 2022, and 2021, the Organization did not receive any distributions from the fund.

Investments

Investments are carried at fair market value in accordance with GAAP. Fair value is determined from quoted market prices or market prices of similar instruments. Realized and unrealized gains from investments are reflected in the statement of activities.

Fair Values Measured on Recurring Basis

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All investments at fair value are in Level 1 mutual funds and are valued at \$291,673 and \$285,830 as of December 31, 2022 and 2021, respectively. Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated using the straight-line method over the useful lives as stated below. The estimated useful lives of property and equipment are as follows:

Buildings and Improvements	5 – 39 years
Furniture and Equipment	5 – 10 years
Vehicles	5 years

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. A portion of the general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and the supporting services based on the number of employees using the resources. Rent is allocated among functional areas based on square footage.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the tax years ending before December 31, 2019.

Compensated Absences

Employees of the Organization are entitled to paid vacation, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

The Organization entered into significant contractual obligations during 2022 in relation to ongoing capital campaign endeavors to construct a new building. The total amount of these obligations is expected to be \$2,100,000 upon completion of the project in 2023.

NOTE C - PROPERTY AND EQUIPMENT

Major classes of property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 648,173	\$ 1,233,727
Land	492,520	1,042,785
Furniture and equipment	126,429	158,156
Vehicles	84,396	84,396
Fixed assets - not in service	<u>813,806</u>	<u>707,840</u>
	<u>2,165,324</u>	<u>3,226,904</u>
Less accumulated depreciation	<u>(273,876)</u>	<u>(354,714)</u>
	<u>\$ 1,891,448</u>	<u>\$ 2,872,190</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$159,842 and \$39,063, respectively. As mentioned in Note B, during December of 2021, the Organization received a donated building and land with a fair market value approximating \$1,400,000. Revenue associated with this contribution has been reported within the accompanying statement of activities during 2021 as an in-kind contribution. During 2022, the donated building and land described above was sold at a gain of \$175,150. During 2021, the Organization also purchased a building and related land by entering into a note payable arrangement with a financial institution (Note D). As of December 31, 2022, this property is currently not in service, accordingly, no depreciation on the building has been recorded. During 2022, the Organization also purchased another property valued at \$374,914.

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE D - NOTE PAYABLE

During 2021, the Organization entered into a note payable arrangement with a financial institution to facilitate the purchase of property and equipment. Original borrowings under this note totaled \$968,847 and bears interest at 3.95% per annum. The note payable has a maturity date of August 2031. As of December 31, future requirement minimum principal payments are as follows:

2023	\$	58,856
2024		33,455
2025		34,916
2026		36,341
2027		37,823
Thereafter		<u>719,456</u>
		920,847
Unamortized debt issuance cost		<u>(8,847)</u>
	\$	<u><u>912,000</u></u>

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions includes assets subject to certain spending and appropriation policies and restrictions due to time. The components of these net assets at December 31 were as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Capital Campaign for New Building	\$ 401,033	\$ 110,381
Subject to restrictions due to time	<u>198,000</u>	<u>48,000</u>
Total net assets with donor restrictions	<u><u>\$ 599,033</u></u>	<u><u>\$ 158,381</u></u>

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, AND 2021**

NOTE F - LIQUIDITY AND AVAILABILITY OF RESOURCES

For purposes of analyzing resources available to meet general expenditures, the Organization considers financial assets that will be collected and available for programs that are ongoing to the Organization. Financial assets available within one year are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,309,100	\$ 1,222,558
Investments	291,673	285,830
Grants receivable	480,439	209,770
Pledges receivable	<u>151,101</u>	<u>73,000</u>
Total Financial Assets	<u>3,232,313</u>	<u>1,791,158</u>
Less amounts not available for general expenditures within one year due to donor imposed restrictions	<u>(599,033)</u>	<u>(158,381)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,633,280</u>	<u>\$ 1,632,777</u>

The Organization's investments are readily convertible to cash if it was to need additional liquidity. The Organization can also request distributions from the Foundation as it relates to the donor advised funds described above.

SUPPLEMENTARY INFORMATION
REPORTS AND OTHER SCHEDULES AND INFORMATION AS REQUIRED BY THE UNIFORM
GUIDANCE
YEAR ENDED DECEMBER 31, 2022

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through the ACYF - Family and Youth Services Bureau			
Flowering Branch Children's Shelter Basic Center Program	93.623	90CY7088-03-00	\$ 93,333
Passed through State of Georgia Department of Public Health			
Maternal, Infant, and Early Childhood Home Visiting Grant Program (MIECHV)	93.870	40500-042-22182545	154,011
Maternal, Infant, and Early Childhood Home Visiting Grant Program (MIECHV)	93.870	40500-042-22223948	18,399
Maternal, Infant, and Early Childhood Home Visiting Grant Program (MIECHV)	93.870	40500-042-23234452	38,152
			<u>210,563</u>
Community-Based Child Abuse Prevention Grants	93.590	C80-8-015	<u>13,266</u>
Total U.S. Department of Health and Human Services			<u>317,162</u>
U.S. Department of Justice			
Passed through Office of the Governor Criminal Justice Coordinating Council			
Victims of Crime Assistance Program (VOCA)	16.575	C20-8-018	100,453
Victims of Crime Assistance Program (VOCA)	16.575	C21-8-114	17,094
Victims of Crime Assistance Program (VOCA)	16.575	C20-8-019	130,272
Victims of Crime Assistance Program (VOCA)	16.575	C21-8-115	26,664
Victims of Crime Assistance Program (VOCA)	16.575	C20-8-020	32,113
Victims of Crime Assistance Program (VOCA)	16.575	C21-8-116	7,260
			<u>313,856</u>
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	B50-8-149	13,911
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	B50-8-150	34,055
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	B50-8-151	8,181
			<u>56,147</u>
Coronavirus State and Local Fiscal Recovery Funds			
Passed through Office of the Governor Criminal Justice Coordinating Council			
Coronavirus State and Local Fiscal Recovery Funds	21.027	X50-8-118	11,231
Coronavirus State and Local Fiscal Recovery Funds	21.027	X50-8-119	16,958
Coronavirus State and Local Fiscal Recovery Funds	21.027	X50-8-120	5,702
Coronavirus State and Local Fiscal Recovery Funds	21.027	GA-0008417	40,983
			<u>74,874</u>
Total U.S. Department of Justice			<u>444,877</u>
U.S. Department of Housing and Urban Development			
Direct			
Continuum of Care	14.267	N/A	353,105
Passed through Georgia Department of Community Affairs			
Emergency Solutions Grants	14.231	20C385	179,423
Emergency Solutions Grants	14.231	20C384	81,177
Rapid Re-housing CARES	14.231	22C310	35,151
Emergency Shelter CARES	14.231	22C278	24,811
HMIS CARES	14.231	22C344	10,656
			<u>331,218</u>
Total U.S. Department of Housing and Urban Development			<u>684,323</u>
Total Federal Expenditures			<u>\$ 1,446,362</u>

ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal government for the year ended December 31, 2022, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – ACCOUNTING PRINCIPLES

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Organization did not elect to use the 10% de minimis cost rate under *Title 2 U.S. CFR Part 200*, Subpart E, Cost Principles.



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

Board of Directors

**Advocates for Bartow's Children, Inc.
DBA Advocates for Children**

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 financial statements of Advocates for Bartow's Children, Inc. DBA Advocates for Children (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, 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 the date of this report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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

Compliance and Other Matters

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

Purpose of this Report

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

Smith and Howard

May 25, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors

**Advocates for Bartow's Children, Inc.
DBA Advocates for Children**

Report on Compliance for Each Major Federal Program

We have audited Advocates for Bartow's Children, Inc. DBA Advocates for Children's (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 for the year ended December 31, 2022.

Basis for Opinion

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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance 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 types of 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 the federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, 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 the Organization's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 or significant deficiencies in internal control over compliance 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.

Smith and Howard

May 25, 2023

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? X Yes ___ None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? ___ Yes X None reported

Type of auditors’ report issued on compliance of major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.267	Continuum of Care

**ADVOCATES FOR BARTOW'S CHILDREN, INC.
DBA ADVOCATES FOR CHILDREN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors' Results (Continued)

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

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings

2022-001 – Controls Over Revenue Recognition for Conditional Grants

Criteria: In accordance with generally accepted government auditing standards, controls should be designed and implemented in the financial close and reporting process to provide reasonable assurance that material misstatements would be prevented or detected.

Condition and Context: In connection with our audit procedures, we noted a new material conditional grant received by the Organization in 2022 that was incorrectly included in the financial statements. As a result, adjustments were required to be made to properly state accounts receivable and revenues.

Effect: Financial statements did not report the appropriate balances.

Cause: Revenue recognition guidance for conditional grants was not properly evaluated and followed.

Recommendation: Management should develop adequate procedures related to the revenue recognition process especially around new revenue streams and grants to ensure proper revenue recognition in the financial statements.

Grantee Comment: Refer to Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Audit Findings and Questioned Costs

None noted.