

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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WESLEY HOUSE FAMILY SERVICES, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wesley House Family Services, Inc.
Key West, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Wesley House Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wesley House Family Services, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, 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 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 December 7, 2020, on our consideration of Wesley House Family Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wesley House Family Services, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
December 7, 2020

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,859,545	\$ 2,093,268
Cash and Cash Equivalents - Restricted	410,039	417,931
Certificates of Deposit	-	101,044
Grants Receivable	152,041	136,522
Contributions Receivable, Current Portion	18,317	147,740
Other Accounts Receivable	42,612	33,141
Prepaid Expenses	97,440	94,995
Total Current Assets	3,579,994	3,024,641
NON-CURRENT ASSETS		
Other Assets	91,908	85,811
Total Non-Current Assets	91,908	85,811
FIXED ASSETS		
Land	1,892,227	1,025,499
Buildings	6,664,950	4,588,442
Improvements	144,868	1,492,033
Furniture and Fixtures	318,567	318,567
Equipment	454,436	456,176
Total Fixed Assets	9,475,048	7,880,717
Less: Accumulated Depreciation	(2,214,619)	(2,812,983)
Fixed Assets, Net	7,260,429	5,067,734
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION	247,242	1,110,711
Total Assets	\$ 11,179,573	\$ 9,288,897

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 91,049	\$ 84,838
Accrued Expenses	505,645	429,082
Deferred Revenue	24,035	24,035
Current Portion of Paycheck Protection Program Loan	374,538	-
Total Current Liabilities	995,267	537,955
NONCURRENT LIABILITIES		
Paycheck Protection Program Loan, Net of Current Portion	477,038	-
Total Noncurrent Liabilities	477,038	-
Total Liabilities	1,472,305	537,955
NET ASSETS		
Without Donor Restrictions:		
Undesignated	9,078,206	7,079,331
Designated by the Board for Operating Reserve	-	39,562
Total Without Donor Restrictions	9,078,206	7,118,893
With Donor Restrictions:		
Purpose Restrictions	363,503	373,598
Time-Restricted for Future Periods	265,559	1,258,451
Total With Donor Restrictions	629,062	1,632,049
Total Net Assets	9,707,268	8,750,942
Total Liabilities and Net Assets	\$ 11,179,573	\$ 9,288,897

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,623,156	\$ 10,000	\$ 5,633,156
Program Fees	604,740	-	604,740
Special Events, Net of Costs of Direct Benefits to Donors	145,558	44,589	190,147
Contributions	2,459,242	97,202	2,556,444
Interest Income	82,011	3,261	85,272
United Way	-	8,000	8,000
Rental Income	62,352	-	62,352
Miscellaneous	133,133	-	133,133
Loss on Disposal of Fixed Assets	(543,312)	-	(543,312)
Net Assets Released from Restrictions	1,166,039	(1,166,039)	-
Total Revenues and Other Support	9,732,919	(1,002,987)	8,729,932
EXPENSES			
Program Services:			
Full Case Management	4,306,136	-	4,306,136
Family Services	641,689	-	641,689
Healthy Families	493,270	-	493,270
Child Development Center	1,013,447	-	1,013,447
Management and General:			
Facility	89,613	-	89,613
Administration	291,310	-	291,310
Other Support Services	109,844	-	109,844
Fundraising	(16,856)	-	(16,856)
Total Expenses	6,928,453	-	6,928,453
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	2,804,466	(1,002,987)	1,801,479
NONOPERATING ACTIVITIES			
Inez Martin Contribution Receivables Reduction	(845,153)	-	(845,153)
Total Nonoperating activities	(845,153)	-	(845,153)
CHANGE IN NET ASSETS	1,959,313	(1,002,987)	956,326
Net Assets - Beginning of Year	7,118,893	1,632,049	8,750,942
NET ASSETS - END OF YEAR	\$ 9,078,206	\$ 629,062	\$ 9,707,268

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,529,434	\$ 10,000	\$ 5,539,434
Program Fees	675,168	37,850	713,018
Special Events, Net of Costs of Direct Benefits to Donors	74,453	44,275	118,728
Contributions	431,595	102,734	534,329
Donated Services and Facilities	28,396	-	28,396
Interest Income	92,602	2,839	95,441
United Way	7,500	10,000	17,500
Miscellaneous	176,253	-	176,253
Net Assets Released from Restrictions	209,885	(209,885)	-
Total Revenues and Other Support	7,225,286	(2,187)	7,223,099
EXPENSES			
Program Services:			
Full Case Management	4,236,172	-	4,236,172
Family Services	552,792	-	552,792
Healthy Families	445,780	-	445,780
Child Development Center	1,050,322	-	1,050,322
Management and General:			
Facility	94,026	-	94,026
Administration	274,496	-	274,496
Other Support Services	118,306	-	118,306
Fundraising	(30,111)	-	(30,111)
Total Expenses	6,741,783	-	6,741,783
CHANGE IN NET ASSETS	483,503	(2,187)	481,316
Net Assets - Beginning of Year	6,635,390	1,634,236	8,269,626
NET ASSETS - END OF YEAR	\$ 7,118,893	\$ 1,632,049	\$ 8,750,942

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services				Management and General						
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	Total
Salary and Wages	\$ 2,053,149	\$ 308,986	\$ 239,013	\$ 466,992	\$ 3,068,140	\$ 101,135	\$ 734,553	\$ 5,935	\$ 841,623	\$ -	\$ 3,909,763
Benefits and Payroll Taxes	567,100	61,129	81,997	142,109	852,335	34,999	184,422	997	220,418	-	1,072,753
Flex Funds Expenditures	309,022	38,091	-	-	347,113	-	-	55,133	55,133	-	402,246
Rent	7,788	-	-	157,587	165,375	155,193	4,840	-	160,033	-	325,408
Depreciation	9,817	-	-	80,662	90,479	193,551	2,189	-	195,740	-	286,219
Maintenance	540	-	-	44,468	45,008	125,667	43,582	-	169,249	-	214,257
Travel	78,168	19,123	8,321	-	105,612	924	11,241	-	12,165	-	117,777
Insurance	13,249	-	-	4,095	17,344	26,544	40,441	-	66,985	-	84,329
Utilities	-	-	-	25,281	25,281	35,531	-	-	35,531	-	60,812
Telephone	25,763	4,226	4,033	672	34,694	668	25,128	-	25,796	-	60,490
Office, Operating Supplies	6,101	305	3,781	8,017	18,204	24,117	8,905	-	33,022	-	51,226
Other Grant Expenditures	3,259	-	-	-	3,259	-	18	42,107	42,125	-	45,384
Professional Fees	-	-	-	-	-	-	38,872	-	38,872	-	38,872
Staff Training	27,050	6,223	-	1,800	35,073	-	1,884	-	1,884	-	36,957
Food and Personal Care	1,527	-	763	23,924	26,214	40	266	5,672	5,978	-	32,192
Licenses and Hiring	16,156	3,053	1,681	915	21,805	45	4,509	-	4,554	-	26,359
Purchase of Services	1,209	-	-	-	1,209	12,932	3,972	-	16,904	-	18,113
Fundraising - Food & Beverage	-	-	-	-	-	-	-	-	-	10,367	10,367
Fundraising - Entertainment & Other	-	-	-	-	-	-	-	-	-	10,528	10,528
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	-	64,548	64,548
Miscellaneous	44,304	2,461	29,790	4,460	81,015	5,343	38,043	-	43,386	-	124,401
Total Expenses	3,164,202	443,597	369,379	960,982	4,938,160	716,689	1,142,865	109,844	1,969,398	85,443	6,993,001
Allocation of Facility Costs	464,369	81,214	46,077	-	591,660	(627,076)	35,416	-	(591,660)	-	-
Allocation of Administration Costs	677,565	116,878	77,814	52,465	924,722	-	(886,971)	-	(886,971)	(37,751)	-
Total Expenses After Allocation	\$ 4,306,136	\$ 641,689	\$ 493,270	\$ 1,013,447	\$ 6,454,542	\$ 89,613	\$ 291,310	\$ 109,844	\$ 490,767	\$ 47,692	\$ 6,993,001
Less Expenses Netted Against Revenue on the Consolidated Statement of Activities:											
Special Event Expenses	-	-	-	-	-	-	-	-	-	(64,548)	(64,548)
Total Operating Expenses	\$ 4,306,136	\$ 641,689	\$ 493,270	\$ 1,013,447	\$ 6,454,542	\$ 89,613	\$ 291,310	\$ 109,844	\$ 490,767	\$ (16,856)	\$ 6,928,453

See accompanying Notes to Financial Statements.

**WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services				Total Program Services	Management and General				Fundraising	Total
	Full Case Management	Family Services	Healthy Families	Child Development Center		Facility	Administration	Other Support	Total Management and General		
Salary and Wages	\$ 1,931,993	\$ 286,593	\$ 217,971	\$ 478,398	\$ 2,914,955	\$ 98,674	\$ 686,489	\$ 7,033	\$ 792,196	\$ -	\$ 3,707,151
Benefits and Payroll Taxes	534,191	52,155	64,860	141,061	792,267	37,034	192,098	1,021	230,153	-	1,022,420
Rent	7,788	-	-	152,997	160,785	152,578	5,280	-	157,858	-	318,643
Depreciation	12,860	-	-	81,598	94,458	193,484	2,446	-	195,930	-	290,388
Professional Fees	8,963	-	-	-	8,963	-	43,761	-	43,761	-	52,724
Flex Funds Expenditures	364,310	35,147	-	-	399,457	-	-	64,576	64,576	-	464,033
Travel	112,773	18,349	26,522	-	157,644	1,708	5,110	-	6,818	-	164,462
Staff Training	22,007	2,832	-	868	25,707	-	10,135	-	10,135	-	35,842
Utilities	-	-	-	24,017	24,017	30,686	-	-	30,686	-	54,703
Telephone	28,335	3,965	4,858	682	37,840	1,866	23,301	-	25,167	-	63,007
Office, Operating Supplies	4,581	66	1,485	8,343	14,475	27,811	10,037	-	37,848	-	52,323
Food and Personal Care	2,045	-	351	66,189	68,585	68	511	9,275	9,854	-	78,439
Other Grant Expenditures	3,091	-	-	-	3,091	-	79	36,401	36,480	-	39,571
Maintenance	223	-	-	28,175	28,398	92,580	34,143	-	126,723	-	155,121
Insurance	36,900	2,646	2,042	2,077	43,665	23,191	7,324	-	30,515	-	74,180
Licenses and Hiring	31,065	12,620	225	4,830	48,740	-	3,452	-	3,452	-	52,192
Purchase of Services	320	-	-	-	320	11,024	3,568	-	14,592	-	14,912
Fundraising - Food & Beverage	-	-	-	-	-	-	-	-	-	2,238	2,238
Fundraising - Entertainment & Other	-	-	-	-	-	-	-	-	-	2,469	2,469
Cost of Direct Benefits to Donors	-	-	-	-	-	-	-	-	-	48,853	48,853
Miscellaneous	37,327	2,130	11,620	15,186	66,263	5,867	24,835	-	30,702	-	96,965
Total Expenses	3,138,772	416,503	329,934	1,004,421	4,889,630	676,571	1,052,569	118,306	1,847,446	53,560	6,790,636
Allocation of Facility Costs	443,757	59,350	43,029	-	546,136	(582,545)	36,409	-	(546,136)	-	-
Allocation of Administration Costs	653,643	76,939	72,817	45,901	849,300	-	(814,482)	-	(814,482)	(34,818)	-
Total Expenses After Allocation	\$ 4,236,172	\$ 552,792	\$ 445,780	\$ 1,050,322	\$ 6,285,066	\$ 94,026	\$ 274,496	\$ 118,306	\$ 486,828	\$ 18,742	\$ 6,790,636
Less Expenses Netted Against Revenue on the Consolidated Statement of Activities:											
Special Event Expenses	-	-	-	-	-	-	-	-	-	(48,853)	(48,853)
Total Operating Expenses	\$ 4,236,172	\$ 552,792	\$ 445,780	\$ 1,050,322	\$ 6,285,066	\$ 94,026	\$ 274,496	\$ 118,306	\$ 486,828	\$ (30,111)	\$ 6,741,783

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 956,326	\$ 481,316
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Donation of Inez Martin Facility	(2,400,000)	-
Inez Martin Facility Contribution Receivable	845,153	-
Loss on Disposal of Fixed Assets	543,312	-
Depreciation	286,219	290,388
(Increase) Decrease in Assets:		
Grants Receivable	(15,519)	129,905
Contributions Receivable	147,739	147,629
Other Accounts Receivable	(9,471)	22,107
Prepaid Expenses and Other Assets	(8,542)	(26,313)
Increase (Decrease) in Liabilities:		
Accounts Payable	6,211	(29,622)
Accrued Expenses	76,563	2,681
Net Cash Provided by Operating Activities	427,991	1,018,091
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Certificates of Deposit	101,044	304,567
Purchase of Certificates of Deposit	-	(1,185)
Purchase of Fixed Assets	(622,226)	(428,044)
Net Cash Used by Investing Activities	(521,182)	(124,662)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	-	(205,425)
Proceeds on Long-Term Borrowings	851,576	-
Net Cash Provided (Used) by Financing Activities	851,576	(205,425)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	758,385	688,004
 Cash and Cash Equivalents - Beginning of Year	2,511,199	1,823,195
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,269,584	\$ 2,511,199
 RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 2,859,545	\$ 2,093,268
Cash - Restricted	410,039	417,931
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,269,584	\$ 2,511,199
 SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	\$ -	\$ 4,295

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Wesley House Family Services, Inc. (Wesley House) is a nonprofit corporation organized under the laws of the State of Florida on January 11, 1975. Wesley House provides child care and family support services within Monroe County, Florida. Wesley House is accredited under the Council on Accreditation.

Wesley House offers four primary community support services for the families and children of Monroe County: Community based care programs working with community partners to assist children and families in the dependency care system, prevention support and intervention services, an in-home support program that promotes child health and development and encourages stable and positive child-parent relationships, and one directly operated child care site in Key West. All of the services are provided throughout Monroe County, Florida through locations in Key West, Marathon, and Key Largo.

Basis of Accounting

The financial statements of Wesley House have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

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

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 resources be maintained in perpetuity.

Net Assets Released from Restrictions

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Wesley House recognizes gifts or cash or other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions received with restrictions that are met in the same reporting period are reported as support without restrictions and an increase in net assets without restrictions. When a restriction expires, (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Grants remaining unused at the end of an accounting period are carried forward as net assets with restrictions. Wesley House may retain unexpended funds for use in future periods providing expenses incurred are in compliance with the specified terms of each grant.

A portion of Wesley House'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 revenue when Wesley House has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. Wesley House did not recognize any deferred revenue on the statement of financial position related to these grants as of June 30, 2020 and 2019. Wesley House received cost-reimbursable grants of \$-0- that have not been recognized as of June 30, 2020 because qualifying expenditures have not yet been incurred.

Child Care

Revenue is recognized when the performance obligation related to daily child care is met. During the year ended June 30, 2020 and 2019, Child Care revenues were \$604,740 and \$713,018 respectively.

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. Actual results could differ from those estimates.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists of cash on hand as well as demand deposits.

The carrying amount of Wesley House's cash as of June 30, 2020 and 2019 are \$3,269,584 and \$2,511,199. The bank balances are \$3,292,852 and \$2,532,813, respectively. Balances in cash and cash equivalents are collateralized, covered by the Federal Depository Insurance Corporation, or covered by the National Credit Union Association. The main operating account balance may exceed the FDIC maximum allowable amount; however, it is secured additionally by Government Securities, A-rated Corporate Bonds and/or Municipal Bonds.

Cash and Cash Equivalents – Restricted

Wesley House restricts cash to include a balance sufficient to cover the amounts held in net assets with donor restrictions, less the contribution receivable.

Fixed Assets

Purchased fixed assets are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Wesley House has a policy for capitalizing expenditures for fixed assets with costs greater than \$5,000 and an expected useful life of at least one year. Major renewals and betterments are capitalized while minor renewals and betterments are expensed as incurred. When assets are purchased with certain grant funds, they are subject to certain use restrictions and disposition procedures. Depreciation expenses are provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	10-39 Years
Furniture, Fixtures and Equipment	3-10 Years

Donated Services, Facilities, and Land

A substantial number of volunteers have donated time to Wesley House's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not meet requirements for recording under generally accepted accounting principles. Materials, facilities use and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization benefited from donated liability insurance valued at \$-0- and \$28,396 for the years ended June 30, 2020 and 2019, respectively. See Note 3 for information on below market leases received by Wesley House.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Wesley House is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Wesley House recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended June 30, 2020, Wesley House did not incur interest and penalties related to tax positions. Wesley House files as a tax exempt organization, should that status be challenged in the future, all years since inception would be subject to review by the IRS.

Concentrations

Wesley House received a substantial portion of its revenues from various state and federal grants. Government funding may be significantly impacted by budget allocations and, consequently, changes in that funding may affect Wesley House's operations. For the years ended June 30, 2020 and 2019, the following entities provided more than 10% of total revenues:

	<u>2020</u>	<u>2019</u>
Citrus Family Care Network	63%	68%

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is based upon time and effort spent on the programs and supporting services. Costs that are directly related to Wesley House's specific purpose have been recorded as a direct expense and included as program services.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications have no effect on the previously reported net income or net assets.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through December 7, 2020, and has noted no subsequent events.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards:

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Wesley House's financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact Wesley House's reported historical revenue.

Additionally, in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit*. Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Wesley House's financial statements reflect the adoption of ASU 2018-08 on a modified retrospective basis beginning July 1, 2018. The new guidance does not require prior period results to be restated.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 2,859,545	\$ 2,093,268
Grants Receivable	152,041	136,522
Contributions Receivable, Current Portion	18,317	147,740
Accounts Receivable	42,612	33,141
Total	<u>\$ 3,072,515</u>	<u>\$ 2,410,671</u>

The vast majority of Wesley House Family Services, Inc.'s assets are without donor restriction. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 CONTRIBUTIONS RECEIVABLE

Below market leases are considered unconditional promises to give. The promise to give is recorded as revenue in the current year, though no funds have been received. For the years ended June 30, 2020 and 2019, Wesley House's contributions receivable was \$265,559 and \$1,258,451, respectively. Included in "contributions receivable" are below market leases for the following child care and family service sites and land for June 30, 2020:

	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 16,229	\$ 11,069	\$ 27,298
Due in One to Five Years	88,748	26,168	114,916
Due in More than Five Years	619,608	-	619,608
	<u>724,585</u>	<u>37,237</u>	<u>761,822</u>
Unamortized Discount	<u>(488,193)</u>	<u>(8,070)</u>	<u>(496,263)</u>
Total Contributions Receivable, Net	<u>\$ 236,392</u>	<u>\$ 29,167</u>	<u>\$ 265,559</u>

Fair values of the leases are assumed to increase 3.0% each year and the discount rate varies according to lease inception terms. Spalding Court was discounted at a rate of 4.0%. Truman Lot was discounted at a rate of 2.7%.

The decrease in the contribution receivable is primarily related to the donation of the Inez Martin Facility. The donation of this facility resulted in a non-operating transaction of \$845,153 which reduced the future contribution receivable.

Wesley House considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 4 PENSION PLAN

Wesley House participates in the Pension Plan through the General Board of Pensions of United Methodist Church (the Plan). The Plan covers substantially all employees. Employees become eligible for active plan participation effective the month following their date of hire. Contributions to the Plan by Wesley House are calculated at 6.0% of an eligible employee's gross pay. Wesley House employees are required to make contributions of 3.0% of their gross pay to receive the employer match. Upon becoming a participant in the Plan, contributions made by the employees become full vested. Vesting of employer contributions is dependent upon hire dates. For the years ended June 30, 2020 and 2019, Wesley House's pension contribution was \$137,316 and \$139,534 respectively.

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 LEASES

A facility supporting children and family is rented at a cost of \$1 per year until March 2049. The estimated fair rental value of the property is \$15,757 and \$15,298 for the years ended June 30, 2020 and 2019, respectively. The Inez Martin day care facility was provided at no cost prior to the donation of the property on June 30, 2020 to Wesley House as noted in Note 1. The estimated fair rental value of the facility is \$157,587 and \$154,258 for the years ended June 30, 2020 and 2019, respectively. The Truman Lot is rented at a cost of \$1 per year until September 2023. The estimated fair value of the property that was placed into service during the year is \$10,746 and \$10,433 for the years ended June 30, 2020 and 2019, respectively.

Wesley House has an additional two leases with remaining noncancelable lease terms for the Key Largo Facility and the Marathon Office. The Key Largo Facility lease began in February 2015 with monthly payments of \$6,871 due until the lease expiration of January 2021. The Marathon Office lease began in June 2014 with monthly payments of \$3,600 due until the lease expiration of June 2021. Future lease payments required under these operating leases due as of June 30, 2021 is \$89,503.

For the years ended June 30, 2020 and 2019, lease expense under all operating leases was \$325,408 and \$318,643, respectively.

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2020, Wesley House received various grants. The following contracts required a specific local match:

Contract Title	Contract Number	Match Required	Match Provided
Ounce of Prevention Fund of Florida	HF20-21-18	\$ 74,375	\$ 122,568
Citrus Family Care Network	19-02	87,694	133,501
Total		<u>\$ 162,069</u>	<u>\$ 256,069</u>

NOTE 7 CONTINGENCIES

Wesley House receives a substantial amount of its support from federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on Wesley House's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Based upon prior experience, management believes that disallowance's, if any, would be immaterial.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT COMPOSITION

Wesley House's endowment consists of funds established by the Marion Stevens Will. The fund was established in 2001 requiring the principal of the endowment to remain intact. The income from the endowment principal is used to fund scholarships for children whose families barely exceed the low income guidelines.

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2020 consist of the following:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 129,936	\$ 129,936
Investment Return:			
Interest Income	-	2,662	2,662
Appropriations	-	<u>(2,662)</u>	<u>(2,662)</u>
Total	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

Endowment funds by category from inception to date and changes in endowment net assets for the year ended June 30, 2019 consist of the following:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Net Assets at Beginning of Year	\$ -	\$ 129,936	\$ 129,936
Investment Return:			
Interest Income	-	2,350	2,350
Appropriations	-	<u>(2,350)</u>	<u>(2,350)</u>
Total	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the State of Florida has enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) enhanced disclosure required by Accounting Standard Codification Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosure for All Endowment Funds which become effective July 1, 2012. The Board of Directors of Wesley House is requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds per the donor stipulations.

As a result of this interpretation, Wesley House classifies the endowment as net assets with donor restrictions. Wesley House considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization.

Return Objectives and Risk Parameters

Wesley House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate the board's desire to develop a source of revenue for Wesley House. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing needs in both the short and long-term; and, (d) support the administrative expenses of Wesley House as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The restrictions on the donor restriction funds allows for the use of net income to fund scholarships for children whose families are in need of support.

Funds with Deficiencies

From time to time, the fair value of assets associated with the donor restricted endowment funds could fall below the level that Wesley House's policies require to retain as a fund of perpetual duration. Wesley House has limited the likelihood of this by keeping the funds conservatively invested in a banking account. If there ever was a deficiency of this nature, it would be reported in unrestricted net assets. Wesley House does not have any deficiencies as of June 30, 2020 and 2019.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Funds with Deficiencies (Continued)

Donor restricted endowment funds are included in the statement of financial position under the following asset categories:

	2020	2019
Cash - Restricted	<u>\$ 129,936</u>	<u>\$ 129,936</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as follows at June 30:

	2020	2019
Subject to the Passage of Time:		
Present Value of Below Market Leases	\$ 265,559	\$ 1,258,451
Subject to Expenditure for Specified Purpose:		
Backpack Program	36,417	27,521
Foster Children Fund	23,234	29,887
Holiday Helpers	26,566	40,165
Summer Camps	67,091	33,555
SMS Program	36,886	75,000
Miscellaneous Programs	43,373	37,544
Total	<u>\$ 499,126</u>	<u>\$ 1,502,123</u>
Endowments		
Not Subject to Spending Policy or Appropriation	129,936	129,936
Total Net Assets with Donor Restrictions	<u>\$ 629,062</u>	<u>\$ 1,632,059</u>

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2020	2019
Satisfaction of Passage of Time:		
Present Value of Below Market Leases	\$ 992,892	\$ 147,629
Satisfaction of Purpose Restrictions:		
SMS Program	88,114	-
Holiday Helpers	21,904	11,936
Backpack Program	12,604	17,329
Foster Children Fund	11,978	18,066
Marion Stevens Scholarships	2,662	2,350
Miscellaneous Programs	35,885	12,575
Total	<u>\$ 1,166,039</u>	<u>\$ 209,885</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 RELATED PARTY TRANSACTIONS

Wesley House shares a board member with A.H. of Monroe County, Inc. Wesley House has an agreement with A.H. of Monroe County, Inc. to share their IT services, in exchange for a monthly cost-based fee. The total revenue earned under this agreement for the year ended June 30, 2020 and 2019 totaled \$95,641 and \$96,801 respectively. A.H. of Monroe County, Inc. provides property management services to Wesley House for their rental properties. The total expense incurred under this agreement, including property management fees and maintenance of homes for the year ended June 30, 2020 and 2019 was \$21,040 and \$22,315 respectively.

NOTE 11 PAYCHECK PROTECTION PROGRAM LOAN

Wesley House entered into loan agreement with the U.S. Small Business Administration for \$851,576 on May 23, 2020. Under this program, Wesley House will have the opportunity to apply for forgiveness of this debt, if they have utilized the proceeds for specific purposes as outlined by the loan agreement. If, Wesley House has not utilized the proceeds according to the agreement, Wesley House promises to repay the principal amount of \$851,576 plus interest of 1% per annum. Loan matures two years from the date of disbursement. The first six monthly payments are deferred after which equal monthly payments are to be made.

<u>For Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 374,538
2022	477,038
Total	<u>\$ 851,576</u>

NOTE 12 RISK OF UNCERTAINTIES

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. COVID-19 may impact various parts of Wesley House's Fiscal Year 2021 operations and financial results. Management believes they are taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.



**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
Wesley House Family Services, Inc.
Key West, Florida

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 Wesley House Family Services, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wesley House Family Services, Inc.'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 Wesley House Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wesley House Family Services, Inc.'s internal control.

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

Our consideration of 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wesley House Family Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lakeland, Florida
December 7, 2020



**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
Wesley House Family Services, Inc.
Key West, Florida

Report on Compliance for Each Major Federal Program

We have audited Wesley House Family Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Wesley House Family Services, Inc.'s major federal programs for the year ended June 30, 2020. Wesley House Family Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Wesley House Family Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wesley House Family Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wesley House Family Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Wesley House Family Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Wesley House Family Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wesley House Family Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wesley House Family Services, Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



CliftonLarsonAllen LLP

Lakeland, Florida
December 7, 2020

WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	Federal/State CFDA/CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
FEDERAL AWARDS - PASSED THROUGH				
U.S. Department of Health and Human Services				
Passed through Citrus Family Care Network (Community Based Care Cluster Program)				
Promoting Safe and Stable Families Temporary Assistance for	93.556	N/A		\$ 219,287
Needy Families (TANF) Block Grants	93.558	N/A		672,616
Child Welfare Services - State Grants	93.645	N/A		159,318
Foster Care - Title IV-E	93.658	N/A		973,821
Adoption Assistance	93.659	N/A		245,061
Social Services Block Grant	93.667	N/A		21,532
Administration for Children, Youth and Families - Child Abuse	93.669	N/A		20,650
				<u>2,312,285</u>
Passed through Citrus Family Care Network (State Matching Funds for Federal Programs) (Community Based Care Cluster Program)				
Promoting Safe and Stable Families Temporary Assistance for	93.556	N/A		11,438
Needy Families (TANF) Block Grants	93.558	N/A		589,250
Child Welfare Services - State Grants	93.645	N/A		53,337
Foster Care - Title IV-E	93.658	N/A		1,620,374
Adoption Assistance	93.659	N/A		101,875
				<u>2,376,274</u>
Total Passed Through Citrus Family Care Network (Community Based Care Cluster Program)				<u>\$ 4,688,559</u>

WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2020

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	Federal/State CFDA/CSFA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
FEDERAL AWARDS - PASSED THROUGH (CONTINUED)				
Passed through the Ounce of Prevention Fund of Florida:				
Healthy Families - TANF	93.558	HF20-21-18		\$ 121,771
Promoting Safe and Stable Families	93.556	HF20-21-18		<u>18,937</u>
Total Passed Through the Ounce of Prevention Fund of Florida				<u>140,708</u>
Total Federal Awards				<u><u>4,829,267</u></u>
Sum of CFDA 93.556 = \$249,662				
Sum of CFDA 93.558 TANF Cluster = \$1,383,637				
Sum of CFDA 93.645 = \$212,655				
Sum of CFDA 93.658 = \$2,594,195				
Sum of CFDA 93.659 = \$346,936				
STATE FINANCIAL ASSISTANCE - PASSED THROUGH				
State of Florida Department of Children and Families				
Passed through Citrus Family Care Network (Community Based Care Cluster Program)				
State Department of Children and Families				
Out of Home Supports	60.074	N/A		\$ 301,697
State Department of Children and Families				
CBC Purchase Therapeutic Services for Children	60.183	N/A		<u>49,338</u>
Total Passed Through Citrus Family Care Network (Community Based Care Cluster Program)				<u>351,035</u>
Total State Financial Assistance				<u><u>\$ 351,035</u></u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal award and state financial assistance activity of Wesley House Family Services, Inc. (Wesley House) under programs of the federal government and State of Florida for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.650, *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*, issued by the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of Wesley House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wesley House.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Wesley House has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 MAJOR PROGRAM DETERMINATION

The Community Based Care Cluster Program has funding sources which indicate that the source of funds includes multiple federal awards and state financial assistance. In accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*, each major program cannot be "unclustered" and, therefore, has been tested as a cluster. Wesley House did not have any major state programs for the year ended June 30, 2020. See the Summary of Auditor's Results on page 28.

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARDS**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Noncompliance material to basic consolidated financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None noted
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program(s) or Cluster
Various	Community Based Care Cluster Program
Dollar threshold used to determine Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes