

WESLEY HOUSE FAMILY SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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WESLEY HOUSE FAMILY SERVICES, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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 November 18, 2021, 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
November 18, 2021

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,463,214	\$ 2,859,545
Cash and Cash Equivalents - Restricted	432,234	410,039
Grants Receivable	107,249	152,041
Contributions Receivable, Current Portion	18,253	18,317
Other Accounts Receivable	73,849	42,612
Prepaid Expenses	94,958	97,440
Total Current Assets	5,189,757	3,579,994
NON-CURRENT ASSETS		
Other Assets	76,323	91,908
Total Non-Current Assets	76,323	91,908
FIXED ASSETS		
Land	1,719,968	1,892,227
Buildings	6,222,087	6,664,950
Improvements	144,868	144,868
Furniture and Fixtures	318,567	318,567
Equipment	384,551	454,436
Total Fixed Assets	8,790,041	9,475,048
Less: Accumulated Depreciation	(2,335,622)	(2,214,619)
Fixed Assets, Net	6,454,419	7,260,429
CONTRIBUTIONS RECEIVABLE, LESS CURRENT PORTION		
	228,990	247,242
Total Assets	\$ 11,949,489	\$ 11,179,573

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 133,070	\$ 91,049
Accrued Expenses	506,908	505,645
Deferred Revenue	24,035	24,035
Current Portion of Paycheck Protection Program Loan	-	374,538
Total Current Liabilities	664,013	995,267
NONCURRENT LIABILITIES		
Paycheck Protection Program Loan, Net of Current Portion	-	477,038
Total Noncurrent Liabilities	-	477,038
Total Liabilities	664,013	1,472,305
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,641,877	9,078,206
Total Without Donor Restrictions	10,641,877	9,078,206
With Donor Restrictions:		
Purpose Restrictions	396,356	363,503
Time-Restricted for Future Periods	247,243	265,559
Total With Donor Restrictions	643,599	629,062
Total Net Assets	11,285,476	9,707,268
Total Liabilities and Net Assets	\$ 11,949,489	\$ 11,179,573

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants	\$ 5,655,460	\$ 5,833	\$ 5,661,293
Program Fees	461,402	-	461,402
Special Events, Net of Costs of Direct Benefits to Donors	60,854	10,000	70,854
Contributions	202,002	73,652	275,654
Interest Income	24,685	647	25,332
United Way	1,667	2,333	4,000
Rental Income	72,330	-	72,330
Miscellaneous	139,521	-	139,521
Gain on Disposal of Fixed Assets	81,169	-	81,169
Net Assets Released from Restrictions	77,928	(77,928)	-
	<u>6,777,018</u>	<u>14,537</u>	<u>6,791,555</u>
Total Revenues and Other Support	6,777,018	14,537	6,791,555
EXPENSES			
Program Services:			
Full Case Management	3,989,375	-	3,989,375
Family Services	495,086	-	495,086
Healthy Families	535,748	-	535,748
Child Development Center	688,542	-	688,542
Management and General:			
Facility	100,042	-	100,042
Administration	208,615	-	208,615
Other Support Services	30,795	-	30,795
Fundraising	16,778	-	16,778
	<u>6,064,981</u>	<u>-</u>	<u>6,064,981</u>
Total Expenses	6,064,981	-	6,064,981
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	712,037	14,537	726,574
NONOPERATING ACTIVITIES			
Paycheck Protection Program Loan Forgiveness	851,634	-	851,634
	<u>851,634</u>	<u>-</u>	<u>851,634</u>
Total Nonoperating activities	851,634	-	851,634
CHANGE IN NET ASSETS	1,563,671	14,537	1,578,208
Net Assets - Beginning of Year	9,078,206	629,062	9,707,268
NET ASSETS - END OF YEAR	<u>\$ 10,641,877</u>	<u>\$ 643,599</u>	<u>\$ 11,285,476</u>

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	30,662	635,402
Special Events, Net of Costs of Direct Benefits to Donors	210,106	44,589	254,695
Contributions	2,459,242	66,540	2,525,782
Interest Income	82,059	3,213	85,272
United Way	-	8,000	8,000
Rental Income	62,352	-	62,352
Miscellaneous	133,133	-	133,133
Loss on Disposal	(543,312)	-	(543,312)
Net Assets Released from Restrictions	1,166,039	(1,166,039)	-
	<u>9,797,515</u>	<u>(1,003,035)</u>	<u>8,794,480</u>
Total Revenues and Other Support			
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)
	<u>6,928,453</u>	<u>-</u>	<u>6,928,453</u>
Total Expenses			
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)
	<u>(845,153)</u>	<u>-</u>	<u>(845,153)</u>
Total Nonoperating activities			
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	<u>\$ 9,078,206</u>	<u>\$ 629,062</u>	<u>\$ 9,707,268</u>

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services					Management and General					Total
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	
Salary and Wages	\$ 1,833,084	\$ 236,859	\$ 243,405	\$ 352,401	\$ 2,665,749	\$ 92,978	\$ 720,403	\$ 2,276	\$ 815,657	\$ -	\$ 3,481,406
Benefits and Payroll Taxes	493,456	49,092	85,171	131,934	759,652	32,829	183,997	1,066	217,892	-	977,544
Flex Funds Expenditures	293,852	35,384	-	-	329,236	-	-	26,930	26,930	-	356,166
Rent	7,788	-	-	-	7,788	122,970	5,280	-	128,250	-	136,038
Depreciation	14,100	-	-	49,578	63,678	183,970	2,200	-	186,170	-	249,848
Maintenance	175	-	-	22,817	22,992	83,951	43,882	-	127,833	-	150,825
Travel	41,631	11,737	5,714	-	59,082	912	13,844	-	14,756	-	73,838
Insurance	48,366	4,345	6,078	21,053	79,842	27,852	(70)	-	27,782	-	107,624
Utilities	-	-	-	23,965	23,965	40,096	-	-	40,096	-	64,061
Telephone	23,032	3,825	3,821	624	31,302	622	24,367	-	24,989	-	56,291
Office, Operating Supplies	7,008	-	2,112	6,459	15,579	20,563	9,787	-	30,350	-	45,929
Other Grant Expenditures	3,927	-	-	3,167	7,094	-	5,724	-	5,724	-	12,818
Professional Fees	-	-	-	-	-	-	38,675	-	38,675	-	38,675
Staff Training	19,776	8,480	3,556	-	31,812	1,000	170	-	1,170	-	32,982
Food and Personal Care	88	-	156	13,080	13,324	-	83	523	606	-	13,930
Licenses and Hiring	28,445	4,330	1,923	5,523	40,221	-	2,580	-	2,580	-	42,801
Purchase of Services	9,433	-	-	-	9,433	12,932	8,274	-	21,206	-	30,639
Fundraising - Event Expense	-	-	-	-	-	-	-	-	-	49,142	49,142
Miscellaneous	54,688	1,938	38,379	3,007	98,012	2,239	44,173	-	46,412	-	144,424
Total Expenses	2,878,849	355,990	390,315	633,608	4,258,761	622,914	1,103,369	30,795	1,757,078	49,142	6,064,981
Allocation of Facility Costs	390,168	44,549	51,769	-	486,486	(522,872)	36,386	-	(486,486)	-	-
Allocation of Administration Costs	720,358	94,547	93,664	54,934	963,503	-	(931,140)	-	(931,140)	(32,364)	-
Total Expenses After Allocation	\$ 3,989,375	\$ 495,086	\$ 535,748	\$ 688,542	\$ 5,708,750	\$ 100,042	\$ 208,615	\$ 30,795	\$ 339,452	\$ 16,778	\$ 6,064,981

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					Total
	Full Case Management	Family Services	Healthy Families	Child Development Center	Total Program Services	Facility	Administration	Other Support	Total Management and General	Fundraising	
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
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 1,578,208	\$ 956,326
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	(81,169)	543,312
Paycheck Protection Program Loan Forgiveness	(851,576)	-
Depreciation	249,848	286,219
(Increase) Decrease in Assets:		
Grants Receivable	44,792	(15,519)
Contributions Receivable	18,316	147,739
Other Accounts Receivable	(31,237)	(9,471)
Prepaid Expenses and Other Assets	18,067	(8,542)
Increase (Decrease) in Liabilities:		
Accounts Payable	42,021	6,211
Accrued Expenses	1,263	76,563
Net Cash Provided by Operating Activities	988,533	427,991
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Certificates of Deposit	-	101,044
Purchase of Fixed Assets	(24,831)	(622,226)
Proceeds from Sale of Fixed Assets	662,162	-
Net Cash Provided (Used) by Investing Activities	637,331	(521,182)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Long-Term Borrowings	-	851,576
Net Cash Provided by Financing Activities	-	851,576
 NET CHANGE IN CASH AND CASH EQUIVALENTS	1,625,864	758,385
Cash and Cash Equivalents - Beginning of Year	3,269,584	2,511,199
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,895,448	\$ 3,269,584
 RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 4,463,214	\$ 2,859,545
Cash - Restricted	432,234	410,039
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,895,448	\$ 3,269,584

See accompanying Notes to Financial Statements.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 childcare 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 childcare 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.

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.

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, 2021 and 2020, are \$4,895,448 and \$3,269,584. The bank balances are \$4,902,186 and \$3,292,852, 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.

Grants and Other Receivables

Accounts receivable are stated at unpaid balances. There is no allowance as management believes the collection of grant receivables is highly likely.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Assets

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, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized when earned. Program fees, rental income and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. 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.

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.

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. See Note 3 for information on below market leases received by Wesley House.

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, 2021, 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.

Concentration of Credit Risk

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, 2021 and 2020, the following entities provided more than 10% of total revenues:

	<u>2021</u>	<u>2020</u>
Citrus Family Care Network	66%	63%

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in change in net assets or net assets in total.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through November 18, 2021, and has noted no subsequent events.

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:

	2021	2020
Cash and Cash Equivalents	\$ 4,463,214	\$ 2,859,545
Grants Receivable	107,249	152,041
Contributions Receivable, Current Portion	18,253	18,317
Accounts Receivable	73,849	42,612
Total	<u>\$ 4,662,565</u>	<u>\$ 3,072,515</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, 2021 AND 2020

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, 2021 and 2020, Wesley House's contributions receivable was \$247,243 and \$265,559, respectively. Included in "contributions receivable" are below market leases for the following childcare and family service sites and land for June 30, 2021:

	Spalding Court	Truman Lot	Total
Due in Less than One Year	\$ 16,716	\$ 11,401	\$ 28,117
Due in One to Five Years	91,410	14,767	106,177
Due in More than Five Years	600,230	-	600,230
	<u>708,356</u>	<u>26,168</u>	<u>734,524</u>
Unamortized Discount	<u>(481,336)</u>	<u>(5,945)</u>	<u>(487,281)</u>
Total Contributions Receivable, Net	<u>\$ 227,020</u>	<u>\$ 20,223</u>	<u>\$ 247,243</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%.

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, 2021 and 2020, Wesley House's pension contribution was \$120,427 and \$137,316, respectively.

**WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 \$9,000 and \$15,757 for the years ended June 30, 2021 and 2020, 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 \$10,729 and \$10,746 for the years ended June 30, 2021 and 2020, respectively.

Wesley House had an additional two leases with lease terms for the Key Largo Facility and the Marathon Office. The Key Largo Facility lease began in February 2015 with an extension through January 2024. The monthly payments are \$7,236 with a 3% increase every contract year anniversary. Future lease payments required under this operating lease due as of June 30, 2021 is \$232,199. The Marathon Office lease expired on June 15, 2020 with the option to become month-to-month tenants until a 60 days' notice to vacate is provided. Wesley House exercised their option to terminate the Marathon Office lease during the year and was only responsible for rent during July, August, and portions of September 2020.

For the years ended June 30, 2021 and 2020, lease expense under all operating leases was \$136,038 and \$325,408, respectively.

NOTE 6 PUBLIC SUPPORT REQUIRING LOCAL RESOURCE MATCH

During 2021, 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	HFF 20-21-18	\$ 91,875	\$ 115,820
Citrus Family Care Network	19-01	833	975
Citrus Family Care Network	20-35	74,263	129,773
Total		<u>\$ 166,971</u>	<u>\$ 246,568</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, 2021 AND 2020

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, 2021 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	-	543	543
Appropriations	-	(543)	(543)
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, 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	-	(2,662)	(2,662)
Total	<u>\$ -</u>	<u>\$ 129,936</u>	<u>\$ 129,936</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 net assets without restrictions. Wesley House does not have any deficiencies as of June 30, 2021 and 2020.

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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:

	2021	2020
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:

	2021	2020
Subject to the Passage of Time:		
Present Value of Below Market Leases	\$ 247,243	\$ 265,559
Subject to Expenditure for Specified Purpose:		
Backpack Program	43,303	36,417
Foster Children Fund	49,065	23,234
Holiday Helpers	29,115	26,566
Summer Camps	61,367	67,091
SMS Program	17,939	36,886
Miscellaneous Programs	65,631	43,373
Total	<u>\$ 513,663</u>	<u>\$ 499,126</u>
Endowments		
Not Subject to Spending Policy or Appropriation	129,936	129,936
Total Net Assets with Donor Restrictions	<u>\$ 643,599</u>	<u>\$ 629,062</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:

	2021	2020
Satisfaction of Passage of Time:		
Present Value of Below Market Leases	\$ 18,316	\$ 992,892
Satisfaction of Purpose Restrictions:		
SMS Program	-	88,114
Holiday Helpers	32,320	21,904
Backpack Program	1,281	12,604
Foster Children Fund	7,515	11,978
Marion Stevens Scholarships	543	2,662
Miscellaneous Programs	17,953	35,885
Total	<u>\$ 77,928</u>	<u>\$ 1,166,039</u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020 totaled \$110,091 and \$95,641, 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, 2021 and 2020 was \$23,217 and \$21,040, 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 had the opportunity to apply for forgiveness of this debt, if they have utilized the proceeds for specific purposes as outlined by the loan agreement. On April 1, 2021 the full loan amount of \$851,576 was forgiven. The SBA may review funding eligibility and usage of fund for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on our financial position.

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 2022 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, 2021, 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 November 18, 2021.

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.

Board of Directors
Wesley House Family Services, Inc.

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
November 18, 2021



**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, 2021. 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, 2021.

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
November 18, 2021

**WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021**

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	Federal/State Assistance Listing 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	93.556	20-35	\$	195,114
Temporary Assistance for Needy Families (TANF) Block Grants	93.558	20-35		498,930
Grants To States For Access And Visitation Programs	93.597	20-35		8,331
Child Welfare Services - State Grants	93.645	20-35		34,578
Foster Care - Title IV-E	93.658	20-35		981,200
Adoption Assistance	93.659	20-35		108,115
Social Services Block Grant	93.667	20-35		9,462
Administration for Children, Youth and Families - Child Abuse	93.669	20-35		19,265
				<u>1,854,995</u>
Passed through Citrus Family Care Network (State Matching Funds for Federal Programs) (Community Based Care Cluster Program)				
Promoting Safe and Stable Families	93.556	20-35		3,830
Temporary Assistance for Needy Families (TANF) Block Grants	93.558	20-35		940,387
Child Welfare Services - State Grants	93.645	20-35		26,850
Foster Care - Title IV-E	93.658	20-35		1,581,165
Adoption Assistance	93.659	20-35		153,559
Social Services Block Grant	93.667	20-35		1,664
Administration for Children, Youth and Families - Child Abuse	93.669	20-35		6,956
Total Passed Through Citrus Family Care Network (Community Based Care Cluster Program)				<u>2,714,411</u>
			\$	<u>4,569,406</u>

WESLEY HOUSE FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Grantory/Pass Through Grantor/ Program or Cluster Title	Federal/State Assistance Listing 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		\$ 21,884
Promoting Safe and Stable Families	93.556	HF20-21-18		140,825
Total Passed Through the Ounce of Prevention Fund of Florida				<u>162,709</u>
Total Federal Awards				<u><u>4,732,115</u></u>
Sum of ALN 93.556 = \$339,769				
Sum of ALN 93.558 TANF Cluster = \$1,461,201				
Sum of ALN 93.645 = \$61,428				
Sum of ALN 93.597 = \$8,331				
Sum of ALN 93.658 = \$2,562,365				
Sum of ALN 93.669 = \$26,221				
Sum of ALN 93.667 = \$11,126				
Sum of ALN 93.659 = \$261,674				
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	20-35		\$ 420,734
State Department of Children and Families				
CBC Purchase Therapeutic Services for Children	60.183	20-35		29,612
Total Passed Through Citrus Family Care Network (Community Based Care Cluster Program)				<u>450,346</u>
Total State Financial Assistance				<u><u>\$ 450,346</u></u>

WESLEY HOUSE FAMILY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021. See the Summary of Auditor's Results on page 27.

**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

Assistance Listing 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